

University of Montana

## ScholarWorks at University of Montana

---

Graduate Student Theses, Dissertations, &  
Professional Papers

Graduate School

---

2004

### Corporate timberland divestment| Community options and opportunities

Maureen A. Hartmann  
*The University of Montana*

Follow this and additional works at: <https://scholarworks.umt.edu/etd>

**Let us know how access to this document benefits you.**

---

#### Recommended Citation

Hartmann, Maureen A., "Corporate timberland divestment| Community options and opportunities" (2004).  
*Graduate Student Theses, Dissertations, & Professional Papers*. 1912.  
<https://scholarworks.umt.edu/etd/1912>

This Thesis is brought to you for free and open access by the Graduate School at ScholarWorks at University of Montana. It has been accepted for inclusion in Graduate Student Theses, Dissertations, & Professional Papers by an authorized administrator of ScholarWorks at University of Montana. For more information, please contact [scholarworks@mso.umt.edu](mailto:scholarworks@mso.umt.edu).



**Maureen and Mike  
MANSFIELD LIBRARY**

The University of  
**Montana**

---

Permission is granted by the author to reproduce this material in its entirety, provided that this material is used for scholarly purposes and is properly cited in published works and reports.

**\*\*Please check "Yes" or "No" and provide signature\*\***

Yes, I grant permission

☒                     

No, I do not grant permission

☐                     

Author's Signature: Maureen A. Hartmann

Date: 12/22/04

Any copying for commercial purposes or financial gain may be undertaken only with the author's explicit consent.

---



# **Corporate Timberland Divestment: Community Options and Opportunities**

by

**Maureen A. Hartmann**

**B.A., Siena College, 1997**

**presented in partial fulfillment of the requirements**

**for the degree of**

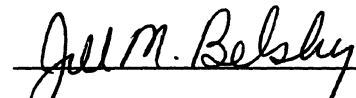
**Master of Science**

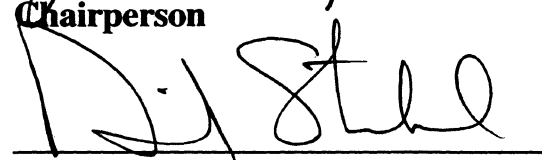
**In Environmental Studies**

**The University of Montana**

**December 2004**

**Approved by:**

  
\_\_\_\_\_  
**Chairperson**

  
\_\_\_\_\_

**Dean, Graduate School**

12-22-04

**Date**



UMI Number: EP34113

All rights reserved

INFORMATION TO ALL USERS

The quality of this reproduction is dependent on the quality of the copy submitted.

In the unlikely event that the author did not send a complete manuscript and there are missing pages, these will be noted. Also, if material had to be removed, a note will indicate the deletion.



UMI EP34113

Copyright 2012 by ProQuest LLC.

All rights reserved. This edition of the work is protected against unauthorized copying under Title 17, United States Code.



ProQuest LLC.  
789 East Eisenhower Parkway  
P.O. Box 1346  
Ann Arbor, MI 48106 - 1346

***Corporate Timberland Divestment: Community Options and Opportunities.***

Advisor: Jill Belsky



Industrial private forests (IPFs) comprise a large percentage of forestland in the United States. Due to various market factors, many large timber companies have begun divesting of their lands, concluding that they can earn more profit from selling these lands rather than maintaining them as timberlands. In some cases these divested lands are being sold on the open real estate market. This revaluing is signaled by the reference to “highest and best use” (HBU). This trend has spurred a number of actions by adjacent rural communities in partnerships with other government and non-government agencies concerned about the conversion of forestlands and the loss of the range of social and ecological values these timberlands have historically provided.

This professional paper summarizes three cases in Western Montana where Plum Creek Timber Company (PCTC) has been divesting of their timber base and selling land on the open real estate market. This research was undertaken to identify the strategies used in these cases, and to provide a “tool box” for other communities of place and interest to use for proactively addressing corporate timberland divestiture. The cases include the Thompson Fisher River Valley, Swan Valley, and Blackfoot Valley. A major finding of the study is that based on local conditions, different strategies will be used in each place. Some of the factors influencing the strategies employed have to do with local social and ecological characteristics, the real estate market and land prices in each place, organizational capacity in each locale, dynamics of the partnerships, and the particular corporate strategies of the ‘seller’ for different places. However, common themes and ideas amongst the three cases are highlighted in this paper to assist other communities in their effort to determine the future of industrial private forests. Rural communities and partnerships are turning the threat of timberland divestiture and forestland conversion into *real opportunities* for reconnecting historically fragmented watersheds and ecosystems, local empowerment and acquisition of forestlands, reinventing forestland tenure and new models for decentralized forest management.

## ACKNOWLEDGEMENTS

The work presented for this professional paper could not have been accomplished without the assistance and efforts of many people. First to my committee chair, Jill Belsky, whose guidance and insight will go far beyond their importance for this project. To Martin Nie for all the great policy discussions and for pushing me to always think critically about natural resource problems. And to Len Broberg who has been by my side throughout my EVST career, has given me valuable guidance throughout, and who never ceases to make me laugh. I would also like to thank all of the people who granted me interviews, greatly enriching the results of this project. I would especially like to thank the many people in the Swan Valley community who will always hold a special place in my heart. Above all, to the many amazing people at Northwest Connections, the Swan Ecosystem Center and Coyote Forest. To all of my fabulous friends whose encouragement kept me smiling through challenging times. A special thanks to Tam Ubben, Scott Tomson, and Beth Taylor for pulling me through the final stages of this project with their 'technical expertise'. Finally, to my parents for their unwavering faith and belief in me.

## **Table of Contents**

### **Chapters**

Chapter 1: Introduction.....	1
Chapter 2: Trend In Timberland Divestment.....	7
Chapter 3: The Influence Of Current Timber Industry Trends On Montana's Forests .....	20
Chapter 4: Case Studies.....	41
Thompson Fisher Project.....	43
Swam Valley Project.....	57
Blackfoot Community Project.....	77
Chapter 5: A Grassroots Toolbox.....	94
Chapter 6: Conclusion.....	127
Literature Cited.....	133

### **List of Tables**

Table 1: Nonreserved Montana Forestland Acres By Ownership.....	22
Table 2: Ownership of Montana's Forests .....	26
Table 3: Swan Valley Area Ownership.....	61

### **List of Figures**

Figure1: Montana Timber Harvest by Owner 1947-2000.....	23
Figure 2: Designation of Households Moving to Montana from other States in 1994.....	25
Figure 3: Pattern of Railroad Land Grants.....	29
Figure 4: Aerial Photo Taken in the Swan Valley, MT depicting the impact of checkerboard ownership .....	31
Figure 5: Map of Case Study Areas.....	42
Figure 6: Thompson Fisher Project Area.....	43
Figure 7: Swan Valley Ownership.....	57
Figure 8: Wall Street Journal Real Estate Ad.....	65
Figure 9: Blackfoot Community Project Map.....	77

### **Appendices**

Appendix A.....	141
Appendix B.....	143

## ***CHAPTER 1: INTRODUCTION***

Across the United States, many large, industrial timber companies are undergoing processes of corporate restructuring, involving divestment of large acreages of timberland. It is estimated that over the last 10 years, approximately 11 million acres of industrial timberland in the United States has changed ownership (McCary, 2004). As many acres of forestland are sold, many questions emerge regarding the objectives of the new owners for this property and especially whether or not the land will remain as timberland. Many rural communities are left wondering about the future implications of these transactions; and many rural peoples and organizations have banded together to do something about it. What they have been doing and the implications for others to learn from their experiences and strategies are the key topics of this professional paper.

### **THE IMPORTANCE OF PRIVATE FORESTLANDS IN THE U.S.**

Forests provide a multitude of social, ecological, and economic benefits. These include protection of watersheds and hydrological cycles, open space, wildlife habitat, timber-based jobs, recreation, and places of sacred or religious significance. Under both private and public ownership, our nation's 747 million acres of forested lands are managed for a diversity of interests by federal, state, and county agencies, timber corporations, tribes, and small private woodlot owners. A good deal of the discussion and debate regarding the 'health' of our nation's forests have largely focused on public or federally owned and managed forestlands. In the effort to maintain the values associated with forests, many suggest that attention must go beyond public lands to include the two-thirds of the nation's land base that are not federally owned or managed (MFW&P, 2000a, Best and Wayburn, 2001).

Private forests provide a variety of benefits that are important to the sustainability of the nation's natural environment, communities, and economic well-being. In the eastern United States as much as 85% of the forests are privately owned. In the western

part of the country, where public lands abound, there are also vast acres of privately owned forests. Ecosystems and wildlife do not recognize legal boundaries. Although extremely important to the long-term viability of our nation's forested ecosystems, these private forestlands are facing considerable challenges. One important threat involves industrial or corporate timberland divestment.

#### **INDUSTRIAL PRIVATE FORESTS (IPFs):**

Industrial private forests (IPFs) constitute a large and important part of private forestlands. As their name implies, these are private forestlands owned and managed by profit-driven timber companies. About 67.6 million acres or almost 9% of U.S. forestland are owned by the timber industry. In the Pacific Northwest, South Central, and Southeast regions, industrial owners control 18% to 19% of all forests. In Maine, timber companies own nearly 46% of the forest area. The forest industry lands produced one third of the total timber in the United States in the 1990's (Best and Wayburn, 2001).

The goal of the timber industry is the production of wood that yields profit and returns to shareholders. "The forest products industry is very capital intensive. The pressure to provide a return on such substantial capital investment is enormous. Bricks and mortar, as well as biological resources, are not very liquid; therefore, the business challenge of building cash flow is preeminent" (Best and Wayburn, 2001).

Despite the ongoing controversy regarding the intensity of some industrial timberlands land management, the fact remains that these lands have been more or less stable as timber lands. Moreover, many nearby communities have historically used and depended upon these lands for jobs, recreation, and hunting; in fact, some have expressed that these industrial forests are often viewed as 'de-facto' public lands (Goetz, 2004). While industrial private forestlands must also comply with government regulations including the Endangered Species Act, Clean Water Act, and other federal and state

environmental regulations, their forest management styles vary but many continue to provide important forest values. Their forest conditions are also often supported by cooperative management agreements with state and federal agencies or conservation organizations (Best and Wayburn, 2001).

However, in the last decade the stability of large private industrial forest lands has shifted; timber companies are divesting of their least productive timber lands, especially those with high real estate values. The combination of poor market returns, company debt and the opportunities to make millions from selling these lands for real estate are leading many private industrial forest companies to sell portions of their timberlands. As one author observes,

Lowered prices, southern competition, the shift to non-wovens and plastics, the problems posed by recreational uses, state and inheritance taxes, wider and more remote ownerships, and quarterly dividends all have as their greatest energy the need to maximize profits; and in the short run, that appears to require divestment and reinvestment elsewhere (St Pierre, 1999).

Of particular interest to this paper, is the fact that corporate timberlands are currently being sold to buyers outside of the timber industry and are in danger of being fragmented into smaller parcels and/or converted to non-forest uses. Conversion of forestlands often occurs when other uses, such as residential development, bring in higher economic returns. The timber companies refer to the competing market values as having higher and better use (HBU) value. When HBU values are higher than the land's timber values, chances are it will be placed on the market. This divestment and land conversion of IPFs is causing much alarm across the social and political spectrums as different people ask: who will own these forests?; will they remain as forests?; and, will they remain a part of a larger working landscape?

## **RURAL COMMUNITY<sup>1</sup> AND CONSERVATION OPPORTUNITIES:**

While as private land owners the timber companies have the legal right to sell or divest their lands, this trend is heightening forestland conversion to non-forest uses and posing strong implications for nearby communities as well as the rest of the non-human ecosystem and ecosystem services that all of us depend upon. As a result, forest managers, local residents, ecological activists, and scholars are beginning to refocus their attention and efforts on the importance of these industrial private forests and their role in maintaining ecosystem-wide benefits. These groups are coming together to think of creative and practical ways to maintain these lands as sustainable forest ecosystems, and rural residents are often leading the change.

In many of these efforts, rural residents are playing a lead role in determining the future of divested lands. Many observers suggest that it is essential that local communities play a lead role in these transactions because a community has a stronger tie, stake, and life span in these forests than any other human owner, and therefore will be strongly invested in the future productivity and health of these lands (Freyfogel, 2001).

In light of the above background, the objectives of this study are:

1. To improve our understanding of timber company land divestment;
2. To illustrate how rural communities, in partnership with agencies and conservation organizations, are playing lead roles in maintaining and enhancing the values of surrounding industrial forestlands. In particular, to illustrate how every situation will constitute different approaches to this complex challenge; and
3. To provide a 'grassroots toolbox' using the lessons learned to help rural communities play a lead role in maintaining the public benefits derived from IPF lands.

---

<sup>1</sup> For this paper, rural 'community' refers to local people that live adjacent to private industrial forestland and who are directly affected by a change in the ownership of this land. While community is usually defined by shared geographical residence as well as shared culture, it is important to recognize that there are usually diverse interests within any 'community' - a point increasingly recognized by those working on conservation issues (Agrawal and Gibson, 1999).



Although my hope is that this research will be useful for the range of people and partnerships working on this issue, the target ‘audience’ of this research are the rural communities who live near and depend upon industrial private forests (IPFs). In conducting my research, I have become aware that most of the literature and conferences written and organized around this issue have targeted the investment and corporate communities and the larger conservation organizations (Block and Sample, 2001 and World Forestry Center, 2003). The missing audience appears to be the local communities who will live with the outcomes of divestment and who may want to take a pro-active role in influencing the future of these divested lands. In that light, I felt it essential to choose rural communities as my target audience for this research.

The paper is organized in the following way. In chapter 2 I will provide an overview on the national scope of this issue. Chapter 3 will narrow the focus of this issue to the state of Montana by describing how Plum Creek Timber Company (PCTC)—one of the largest landowners in the United States—has restructured its corporate strategy to include real estate sales. It will discuss how this is posing threats to the private forests and rural landscape characteristic of western Montana. Chapter 4 will describe three case studies in western Montana where Plum Creek Timber Company (PCTC) has identified Higher and Better Use (HBU) potential for large acreages of its landbase. Different approaches in these three places are helping to maintain the public benefits accrued from these private forestlands. Chapter 5 synthesizes the lessons learned from an analysis of these three situations, compiled as a ‘toolbox’. The ‘toolbox’ stresses that rural communities facing the challenge of corporate timber divestment can learn from each other how to stay goal oriented, work with their corporate partner, understand the legislative process, assess the range of conservation strategies, and maintain an open and transparent process with diverse partners. Chapter 6 concludes the paper by providing a

summary of the key findings of this research and raises some questions for future research. My hope is that this paper provides a useful document for interested communities who want to play a lead role in determining the future of divested forest lands before they are placed on the open market.

## ***CHAPTER 2: TREND IN TIMBERLAND DIVESTMENT***

This chapter provides background information on the national scope of the divestment of corporate timberland. This information provides the context to understand the ecological and social ramifications of corporate timberland divestment and how they are impacting local people and places.

### **DIVESTMENT AS A CORPORATE STRATEGY--THE ROLE OF WALL STREET:**

In the U.S., corporate timberland divestment is occurring as a result of changing economic conditions and demographic trends, fluctuating timber markets, and globalization. Although it is beyond the scope of this report to evaluate the multitude of reasons timber companies are restructuring their assets through strategic sales, it is worthwhile to note that “Wall Street” is a key force in influencing the future of our nation’s industrial private forests. Wall Street has pressured and punished the forest products industry for poor performance. In response to this pressure the forest products industry began to move non-strategic timberland off of their books through tactical sales (Yale Forestry Forum, 2002).

The goal of maximizing shareholder returns, helps to set the stage for this multifaceted issue. In a report for The Fund for New England on emerging threats of the character of the large acres of private forestland in New England, economist Perry Hagenstein warned in 1987 that:

The national forest-products firms are under greater pressure today to rationalize their investments than at any time in the past two or three decades. A kind of mob psychology rules securities analysts, who in turn put pressure on corporate leaders. The theme in the forest products industry now is ‘asset management’. Although they are under pressure, forest products firms have not wholly abandoned the idea that timber growing is profitable. But their commitment to continued ownership of large tracts does not extend to keeping their ownership just as they are. Sale or development of separated tracts and of tracts with especially high recreation and development values are increasingly likely (Mitchell, 1989)

This 1987 projection, which drew little public attention at the time, has turned into a national reality.

Faced with global competition, large timber companies are restructuring their corporate portfolios by selling large tracts of land that they have held for a century or more. Timber companies now often see industrial forest holdings as ‘profit centers’ instead of as timberlands that provide wood to the mills (Mitchell, 1989). Whatever business venture will make the highest return will be the land use of choice. In a more recent publication, a similar analysis regarding the role of Wall Street is made:

Wall Street was not happy and bid down the stocks of publicly traded forest products companies, demanding improved returns to shareholders. The result has been an acceleration in industry consolidation and turnover in U.S. industrial forestland, both part of company strategies to improve shareholder returns and to compete successfully in an increasingly globalized business sector (Best and Wayburn, 2001).

Although the reasons for the recent trend in divestment may be stated differently depending upon a person’s point of view, the bottom line remains: timber companies are divesting of their land holdings to realize better financial returns for their shareholders and to reduce incurred debt, often through strategic real estate sales. That is where the market is today, and the timber companies are capitalizing upon it. They would argue that it is their corporate responsibility to maximize profits and returns to their shareholders. However, as will be discussed shortly, there are other *non*-corporate shareholders. These include those dependent upon the lands being impacted by this divestment, both human and non-human. To realize the highest return for this group of shareholders will require a new set of principles and tactics initiated and carried out by diverse partners.

### ***The Trend***

Corporate timberland divestiture is occurring in forested landscapes across the country. According to a recent Pinchot Institute Report, 12-15 million acres of industrial

timberlands will be transferred out of industry ownership during the next decade (Block and Sample, 2001). It is already occurring at a large scale, especially in the eastern part of the United States. During the 1990's an estimated 28% of industrial forestland changed hands, and in Maine 18% of the entire area of the state changed hands in two years (Ingerson, 2003). In a four-week period in 1998, 2.1 million acres, or 10 percent of the state of Maine, changed hands (Stapleton, 2001). Since 1997 more than 90 percent of corporate owned forestland has been sold or re-sold in the state of Wisconsin (TNC, 2003). In fact, nearly 20 million acres of industrial private forestland changed hands in the 1990's. A significant percentage of this land is now being purchased by institutional timberland investors (primarily Timber Investment Management Organizations or TIMOs) outside the forests products industry.<sup>2</sup> These new timberland owners can leave communities wondering about their future (Ingerson, 2003). As IPF lands are sold there is an opportunity for either a further unraveling of the forest landscape or a chance to promote lasting conservation (Best, 2003).

To maximize profits, timber companies are realizing the highest and best use (HBU) value of this land by selling some of their lands for *real estate development*. In many cases, this is leading to the loss of timber production and ecological values (DePalma, 2004). This development pressure and forestland conversion is already impacting forest landscapes nationwide. The Pacific Forest Trust estimates that 5 to 15 percent of land involved in land exchanges was sold for real estate development instead of being maintained as working forestland (Best and Wayburn, 2001). Timberland holdings three times the size of the state of Massachusetts have changed hands as a result of this restructuring, indicating the staggering real estate implications of these land sales

---

<sup>2</sup> TIMO's will be discussed in more detail in chapter 5.

(Weber, 2002). A 2003 United States Forest Service report makes the following staggering projection:

Preliminary assessments for the timber assessment indicate that approximately 15 to 20 million acres of U.S. forestland could be converted to urban and development uses over the next 50 years. Such land use conversions could result from residential development in forested landscapes, as the U.S. population grows by another 126 million people. Forest fragmentation resulting from changing land use and land cover patterns is becoming an increasingly important topic in the United States, as concerns are being raised about habitat protection, timber supply, and myriad other issues (USDA, 2003).

The lands most likely to be targeted for development or designated as higher and better use (HBU) by timber companies include forest tracts in rural settings near adjacent public lands and along waterfronts. Recent research indicates that population growth is increasing near protected areas that offer high amenity values (Rasker, et al. 2004). This trend can already be seen from the rural expanses of the Northern Forest of Maine to the vast Rocky Mountain West. Connie Best (2003) from The Pacific Forest Trust estimates that almost 2 million acres of forestland each year--an area the size of Yellowstone National Park- are broken up into ranchettes. As population grows and people continue to search for their private haven amongst the solitude and splendor of our nation's rural landscape, timber companies will continue to maximize their profits through strategic residential sales in this expanding real-estate market.

Compounding these sales and subsequent development pressure is profit motivation through liquidation cutting or real estate harvests before divestment. A recent report stated,

3% to 12% of all timber harvests can be characterized as liquidation harvests, the equivalent of 16,000 to 64,000 acres each year. Liquidation harvesting is occurring on small and medium sized ownerships, where forestland sold to non-industrial landowners during the breakup of larger industrial ownerships has been liquidated by contractors (Maine Forest Service, 2001).

This cutting poses additional concerns when determining future management objectives and possibilities and devising conservation strategies to react to the divestment. Other relevant concerns of forest conversion include the loss of: habitat, recreational access, working forests and timber based jobs, and other ecosystem benefits derived from forested ecosystems.

#### **ECOLOGICAL IMPLICATIONS OF DIVESTMENT: FOREST FRAGMENTATION AND CONVERSION**

The divestment of corporate timberlands has and will continue to have large-scale ecological ramifications. The fact that these timber companies collectively own almost 67 million acres of forestland in the United States, much of which is intermingled with other ownership patterns, emphasizes the uncertain impacts that the sale of these lands will have on forested ecosystems and forest dependent communities. The risk of fragmentation will increase as IPF lands are sold for real estate development and/or sold to forestland investors and other groups whose long-term interest in these lands is uncertain.

Fragmentation occurs when large, single ownership forest tracts are divided into multiple ownerships and when forest patch size is reduced to small acreages and isolated between other forest patches (Best and Wayburn, 2001). Forest fragmentation can lead to many adverse consequences including: changing landowner objectives, loss of biodiversity, increase in invasive species, and changes in the biotic and abiotic environment. Human actions that cause fragmentation include *land use conversions and changing ownership patterns* (USDA, 2003). A recent USDA report makes the following projection regarding fragmentation resulting from rural development:

The 126 million-person increase in the U.S. population by 2050 is accompanied by a 76 million increase in the number of households. In the past, each additional household consumed about 1 acre of land. These projections lead to about 40 million acres total rural land being converted to urban/developed uses by 2050. If historical trends continue 15 to 20 million acres of this land could come from forests (USDA, 2003)<sup>3</sup>.

With the realization that a significant percentage of the land being converted to non-forest uses in rural areas comes from the sale of industrial timberlands, the above projection illustrates the urgency of this situation, and the need for creativity and assistance in preventing the large scale fragmentation of our forests.

The demand for second homes near natural amenities such as wilderness areas, lake shores, and river frontage is one factor driving this fragmentation.

Fragmentation and loss are the results of shifting markets and the laws of supply and demand. The demand is coming from an affluent society with more and smaller households. Where is the supply coming from? Primarily from divesting industrial owners, highest and best use sales typical of ownerships in transition (Best, 2003).

As timber companies divest of their holdings small forest parcels are increasing.

When new people with different management goals come into an area, this creates another type of fragmentation known as ‘ownership fragmentation’. As timber companies sell and subdivide their lands, more people will own and manage a forest that had once been under one ownership regime. A major implication is that the management boundaries increase significantly, increasing forest fragmentation and potentially igniting conflicts between the one causing the harm and the one affected by it (Freyfogle, 2001). The addition of more people can increase and alter the values and perception of forest landowners. “These new rural immigrants sometimes have attitudes toward the land and land management that contrast with the attitudes of the original residents who often have more conservation and utilitarian oriented views of natural resources” (USDA, 2003).

---

<sup>3</sup> Approximately 40 percent of rural lands converted to urban/developed uses between 1982 and 1992 came from forested areas (USDA, 2003).



This added fragmentation makes planning at the landscape level virtually impossible.

“When the political commons is divided into smaller legal entities, in contrast, externalities increase and no person or group has the power to coordinate the whole. Division worsens the problem” (Freyfogle, 2003).

Impacts caused by fragmentation illustrate the need to look beyond single ownerships and to see how landscapes fit together, even under a sea of multiple ownerships. Habitat connectivity plays an important role in sustaining many wildlife species (McComb, 2002). It is also important in maintaining rural landscapes and livelihoods:

Wildlife is emblematic of the many ways that land parcels are interconnected. It is emblematic, too, of the many parts of nature that are crucial to sustaining the well-being of landscapes and communities but possess little or no value to landowners as individuals. In its dependence on such large-scale action, wildlife conservation is similar to many other public goals (Freyfogle, 2001).

When a species’ home range covers multiple stands of differing ownerships, habitat quality may vary among stands (McComb, 2002). Many of the regions being affected by corporate timberland divestment serve as strongholds for a diversity of wildlife species that are dependent upon intact, unfragmented landscapes. As these landscapes continue to be carved up through real estate sales, both wildlife and those that care about maintaining the integrity of the landscape lose. As Freyfogle (2001) says, the needs of wildlife are often analogous to human needs.

Forest fragmentation is reducing both environmental services and timber availability. The facts and projections highlighted in this chapter signal an urgency and need to act strategically to prevent further forest fragmentation. The divestment of corporate timberlands, if not addressed strategically, will only add to the current fragmentation crisis (Sampson and Decoster, 2000; Best and Wayburn, 2001; Sample and Block, 2001; Yale Forestry Forum, 2001).

## SOCIAL AND ECONOMIC IMPLICATIONS

***“Once, outsiders came to the North Woods only to visit. Now, the Forests are for sale, and the visitors are here to stay” (Mitchell, 1989).***

In addition to the ecological implications, the divestment of corporate timberlands is resulting in large-scale social and economic ramifications, magnifying as the trend continues. New ownership, parcelization, and conversion of forested landscapes may leave forest-dependent communities uncertain about the future of the lands that they have historically

used for recreation, access to other lands, jobs, as well as cultural and social amenities.

Human uses are also threatened by forestland conversion. In some remote areas, new owners close off access to woods, lakes and rivers that feel like home to generations of local residents. Traditional guides, hunters, fisherman, and wilderness travelers, too, come to feel like endangered species (Ingerson, 2003).

Local economies are threatened by large-scale land sales. Among other factors, rapidly shifting landownership in the 1980' s and 1990' s led to reduced timber supply to local communities (Moote, 2002). A statement from a local resident in the Swan Valley of Montana, a region currently entrenched in this issue, illustrates the social and ecological threats this person sees as connected to the growing trend in corporate timberland divestment.

An imminent issue over the years in [our] effort to maintain social and ecological sustainability has been the condition of the Plum Creek Timber Company lands that are intermixed with other private and Forest Service land. Advanced forest fragmentation and reduction of structural and biological integrity and diversity has significantly impacted not only Plum Creek lands directly, but adjacent private and public lands and resource values as well. A long list of urgent ecological problems confronts us related to cumulative effects on all ownerships. The practice of real estate cutting adds insult to injury and undermining the ecological and economic potential of these lands for generations to come (Parker, 2003).

Forest-dependent communities from Washington to Maine who have depended on industrial private forestlands for a multitude of benefits including jobs, recreation, and

access are now realizing that the state of these lands is precarious. An observer in Maine expresses his concern over the loss of access in the following way:

In 1999 the locals got a major scare when Georgia Pacific sold 446,000 acres—nearly all its property in Maine—to timber investors who cosigned it to the care of Wagner Forest Management, Ltd. The initial concern of the guides was not suburban sprawl; woods and waters were so immense that they couldn't imagine such a thing. They worried instead about loss of access. Would the new owners festoon the forest with posted signs, cutting sportsmen off from favorite streams, ponds, grouse coverts, trap lines and deer stands? It wasn't long however, before they realized that their livelihoods depended not just on access but on wilderness (Williams, 2004).

In November of 2003, the Mead/Westvaco Corporation announced the sale of 650,000 acres of its land in Maine and New Hampshire. Local residents began to worry about the loss of traditional access once the land was broken up, sold, and became a part of someone's private retreat. Large tracts of working forestland were becoming threatened resources. Local business owner Alan Johnson wrote letters to the editors of sporting magazines, "to find a buyer that intends to maintain the property's current use, supplying the lumber and paper industry, protecting jobs and limiting development". The following statement by Johnson illustrates the need for local residents to work together to prevent unwanted development, thus maintaining historical access and a rural way of life.

Like minded people must get organized, formulate a strategy and implement a plan to achieve a common vision for the land. Once a parcel is sold, cut up and developed, it is too late (Austin, 2003).

As timber companies continue to sell lands, more and more communities will face similar uncertainty. New strategies are critically needed to ensure that the long-term ecological, cultural, and economic viability of these important timberlands are not permanently lost for short-term profit. Coalitions of concerned residents, agencies, government officials, and organizations have been working in different areas of the United States to find such strategies.

I provide a short summary of how this issue is being addressed in the extensive Northern Forest of New England to offer an example of a region where diverse interests have been working to find solutions to these issues for over a decade. In conducting this research I found that a great deal of information has been written on the divestment of timberlands in this region of the United States. As such, the literature and interviews conducted with practitioners working here has provided a reference point for other areas of the country now facing similar issues as timber companies sell their land.

#### **THE NORTHERN FOREST:**

Efforts that are currently underway in the Northern Forest are illustrative of how diverse coalitions are coming together to address the changing ownership of IPF lands. The one million residents that reside in the 26 million acres of New England's Northern Forest have been facing this challenge since the 1980s. In this region of the United States, more than one third of the land is owned by corporations prominent in the forests-products industry. Subdivision of the Northern Forest began in the 1980's when landowners of all sizes began to realize the high economic returns of real estate sales; they could get twice the value of the wood growing on the land. Advertisements in metropolitan newspapers such as the New York Times began to pop up with catch lines such as "wilderness for sale", "unspoiled acreage overpopulated with big game", "panoramic mountain views" (Mitchell, 1989 and Dobbs and Ober, 1995). One economic study conducted on this issue illustrated that timber companies who owned a significant portion of the Northern Forests were beginning to reduce their focus on the value of timber, and instead saw their lands as 'liquid assets' (Dobbs and Ober, 1995). "Land was becoming a commodity in and of itself, beyond its value for growing wood. Real estate was a corporate asset that could be sold as needed to improve cash flow, ward off hostile takeover, or pay off debt" (Dobbs and Ober, 1995). For example, when Diamond International began to sell a million acres of timberland in the Northern Forest

in 1982, “speculators rushed to obtain them for the burgeoning market in wilderness ranchettes. Suddenly, the North was beginning to look more valuable for growing mortgages than trees” (Mitchell, 1989).

In reaction to the threat of land conversion and the subsequent economic, ecological, and social implications, Congress was prompted by concerned citizens to initiate the Northern Forest Lands Study, undertaken by the USDA Forest Service in 1988 (NFLC, 1994). The study was titled *Finding Common Ground: Conserving the Northern Forest*. This study looked closely at the traditional uses and quality of life dependent upon the forest (NFLC, 1995). In reaction to this study the Northern Forest Lands Council was created which represents diverse stakeholders including forest landowners, environmental interests, state conservation agencies, and local communities.

Although it is beyond the scope of this paper to go into detail about the extensive process undertaken to produce this study, it is important to mention its significance for other regions facing similar threats. The forest products industry has profound impacts on the economies in many forested regions of our country. As a result, the ongoing divestment of industrial lands has helped to bring precedent setting statewide efforts such as the Northern Forest Lands Study into existence. Recommendations made by the Council include: better land use planning, tax reforms, public purchase of land and conservation easements, and economic incentives for long-term forestry, and diversified economic development (Dobbs and Ober, 1995). Some accomplishments include “green certification, easements and other non-fee ownership mechanisms, improved workplace safety, and increased forest based recreation” (Malmheimer et al., 2000). Although some progress has been made, there is still much work to be done in the Northern Forest and beyond. As timber companies divest of more and more of their lands further recommendations made by concerned citizens will need to be put into practice. In

addition, it is imperative that regions and communities around the country begin to *share* the steps they are taking to proactively face the divestment and conversion of IPF land.

### **THE ROLE OF RURAL COMMUNITIES**

Citizen activists nationwide are now playing a large role in helping to shape the future of divested lands and to protect what has historically been working forestland. Maintaining working landscapes must include the citizens who live near and depend upon these forests for a multitude of reasons. A comment made by John Harrigan, a North Country newspaper editor helps to express the essential participation of the thousands of locals who will be impacted by forestland conversion nation-wide. "...We who live here know that things cannot stay the same. But we do not want to be treated as side issues. We do not just live, work and play in the forest—we are part of it. We are ingrained in it, and it is ingrained in us"(Mitchell, 1989).

Many rural communities across the country are now beginning to look for the *opportunities* that this divestment might offer. In the communities of Randolph, New Hampshire and Downeast Lakes, Maine, rural communities are working to purchase industrial timberland to own and manage themselves as community forests. These communities have been working with diverse partners to maintain and enhance these private working forests for the benefit of the local economy and environmental services these lands offer. These are just two examples in a national movement in community engagement on this issue. Industrial private forests have been a part of the social structure in many rural communities and innovative approaches are currently underway to make sure that these forests are not lost to development pressures and market fluctuations.

Concerned citizens, agency personnel, and government officials have been coming together to help answer a globally resonating question: "Is it possible to protect a

great forest without destroying the best parts of the resource-based economy and culture that both arise from and contribute to the land?” (Dobbs and Ober, 1995). As IPFs continue to divest of their lands, many rural communities across the country are asking this very important question. Lands that have offered traditional access for hunting, fishing, grazing, berry picking, firewood gathering and other recreation, and have been maintained as a “working forest” are now at risk of being subdivided and converted to non-forest uses. What has and is being done to prevent the large-scale conversion of these forestlands? Who is playing a role in deciding what will happen to the lands? What tools and strategies exist in the efforts to maintain the values accrued from these private forestlands? *What do local communities need to know if they hope to play a lead role in shaping the future of these lands?* As more communities confront this challenge it will be important to listen to and learn from the diversity of groups and partnerships already working to achieve the common goal of preventing the loss and further fragmentation of commercial timberland while maintaining local economies.

The following chapter will examine this issue in the state of Montana. It will look closely at the divestment of IPF land, primarily by Plum Creek Timber Company. I have chosen to focus my study on Montana due to my familiarity with this region, its rural character, dependence on forest resources, significant history of the timber industry, and innovative efforts that are currently underway by diverse stakeholders to prevent the conversion of these lands to non-forest uses.

### **CHAPTER 3: THE INFLUENCE OF CURRENT TIMBER INDUSTRY TRENDS ON MONTANA'S FORESTS**

*Montana's special gift is space, landscape made personal; space that reaches out to the horizon then comes back and gets under your skin. It reaches inward, wraps itself around your soul, incubates and grows. When you finally begin to understand what it is about Montana that is important to you, it has already taken root in your heart and you'll never be the same (Law, 1988).*

The state of Montana has 1.6 million acres of IPF land, most of which is owned by Plum Creek Timber Company (PCTC). PCTC, like many of the large timber companies, has begun a process of divesting its timberbase, some of which is being sold for real estate. This chapter examines the role of IPF lands to Montana's forested landscape with a focus on how the divestment strategies of PCTC are posing significant threats and challenges to the social, ecological, and economic values accrued from these lands. The potential sale of PCTC lands, which are abundant in the western half of the state, is escalating development pressures upon Montana's rural landscape. In this light, it is essential to take a brief look at Montana's history and the ties its citizens have to the rural and undeveloped forested landscapes and to its natural resources in general. This will help to set a context to understand the recent reaction and urgency many local residents and natural resource organizations place on preventing forest conversion and fragmentation.

#### **MONTANA'S LANDSCAPE**

The state of Montana is often referred to as the 'last best place'; it is one of the last places in the United States that still holds an historical sense of "wildness" (Kolb, 2002). The state's landscape varies considerably from east to west. "The land itself is at once mountainous and flat, hot and cold, beautiful and terrible, and benign and malevolent" (Toole, 1959). The wide open spaces and raw nature found in Montana's 'big sky country' adds mystery to this treasure state, while luring in many visitors each



year to explore the state's national parks and forests, wilderness areas, abundant waterways, and rich, rural culture.

Montana's rural landscape, lifestyle and large open spaces are valued by both citizens and visitors alike. Although one of the nation's largest states geographically, Montana is one of the smallest in population, ranked 44<sup>th</sup> in the nation. With a population density of only 6.2 person's per square mile, elk and cattle still largely outnumber residents (Vanderheiden, 2003). The open space is valued by many of Montana's citizens; it is seen as an indispensable possession.

Space becomes personal in Montana, a possession, something held in the heart like a favorite view or remembered scene. There's enough space in the state, and few enough people; everyone might well have a favorite view to themselves....The urgency of space is something that is shared, yet remains intensely personal"(Law, 1988).

Much of this rural open landscape exists in western Montana as public and private forests. These forests have played an important part in the social and economic history of the state.

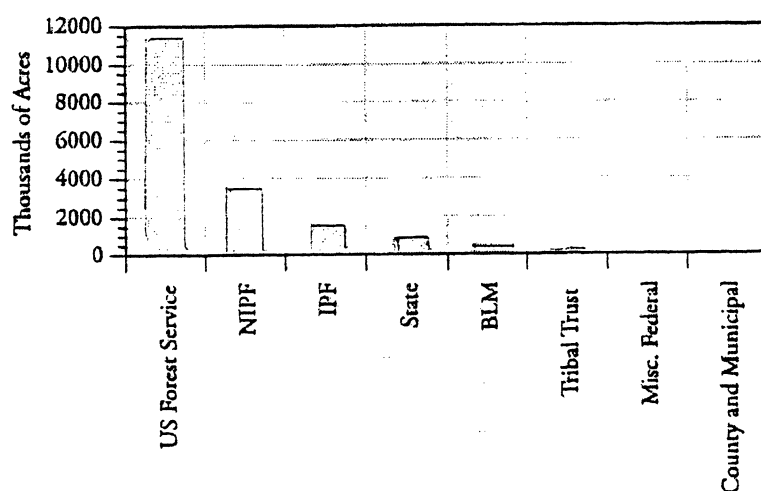
### **MONTANA'S FORESTS**

Montana's 22.5 million acres of diverse private and public forests make up a very important percentage of the undeveloped landscape and open space that add to the state's lure. Forests have been pivotal in bolstering the state's cultural, ecological, recreational, and social capital. Different people including residents, non-residents, recreationists, loggers, and other interest groups value Montana's forests for a diversity of reasons. These include livestock grazing, watershed protection, recreation, aesthetics, wood products, wildlife and fisheries.

Montana's forests are owned and managed by state, federal, and private entities, all of which play a significant role in managing the state's forestlands. Although public forestlands far outnumber the acreage of the state's private forestlands, and have been the

primary focus of discussion and debate over forest health, the incredible value and role private forests play in the state cannot be overlooked or overemphasized. Nearly one-third, or 6.3 million acres, of the state's forests are privately owned and have provided an average of 70% of the wood fiber for Montana's economy in the past decade. These forests are also home to a variety of products, which generate nearly \$200 million per year for Montana's economy (MFOA, 2002).

**Table 1: Nonreserved Montana Forestland Acres By Ownership**

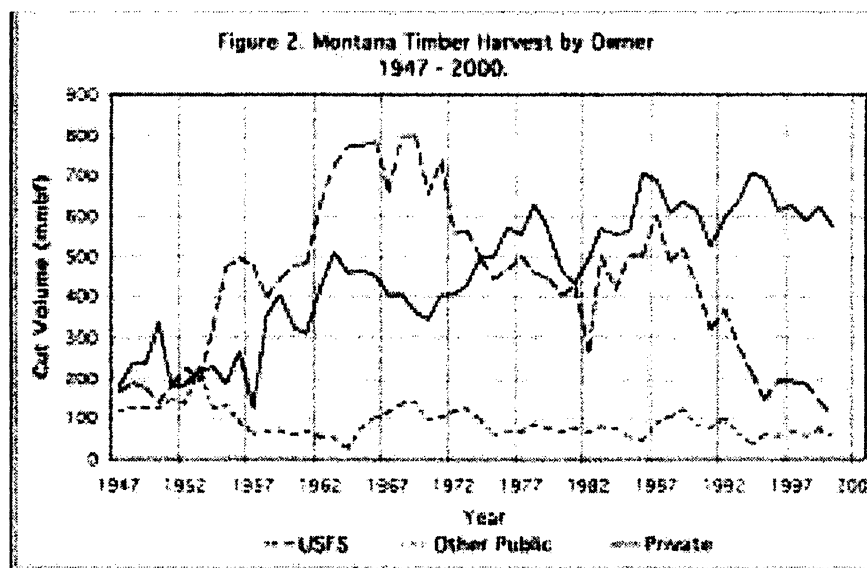


Source: (MFW&P, 2000a)

The timber history of the state began in the mid-1880's and continued abundantly after the United States congress passed the Forest Reserves Act in 1891 (McQuillan, 2002). Harvesting on both public lands and private forestlands proceeded at a fast pace, especially once the railroad grant lands were surveyed and in the years following WWII. During the early part of the 20<sup>th</sup> century, the lumbering industry throughout the northwest was cutting so rapidly that the price of wood was in "perpetual depression" (McQuillan, 2002). The rampant cutting and what some saw as overuse of Montana's forests in these years has led to many of the controversies over public and private forestland management being debated today. Currently, 19 million of the state's 22.5 million acres of forestland are open to timber harvest (MFW&P, 2000a). Although

harvesting still continues on both the state's public and private forests, the timber harvest has been considerably lowered on National Forest lands while harvesting on industrial private forestlands still exceeds growth (McQuillan, 2002).

**Figure 1: Montana Timber Harvest by Owner 1947-2000**



Source: ( McQuillan, 2003)

Despite a history of intense forest management, there are many forested lands in Montana that have a history of harvesting while sustaining healthy ecosystems (Kolb, 2002). In recent years, numerous forest partnerships, collaborative groups, and conferences have been organized around how to promote forest ecosystem management while protecting and promoting a range of forest values and contributions to local economies. As Montanans, and those who care about the state's resources, continue to work together to protect the values inherent in its forestlands, there lies the potential for Montana's forests to become a national and international model, illustrating the ability for forests to provide for human consumption while maintaining natural processes and intrinsic values (Kolb, 2002). Unfortunately, the values of these forests are threatened by potential conversion to development.

## **DEVELOPMENT PRESSURES**

As Montana's landscape increases in popularity, newcomers are moving into Montana's rural expanses. Newcomers are drawn to Montana for its rural and undeveloped landscape, and timber companies are taking advantage of this increased market opportunity. Often times, these newcomers have different ideas and values about land use and management. In the beginning of the state's history, newcomers came to trap beaver, then to graze cattle and sheep. Then they came to farm and mine. More recently they are coming to recreate and enjoy the open spaces of the big sky country. Today, many are choosing to buy land in Montana. Those with large incomes can afford to purchase large tracks and subdivide.

Slicksmart landtraders, veterans of the real estate circuits in California, Texas, and Florida move into the state [Montana] and, intoxicated by space, fester for a deal. They lock up their own profits, fence off their own portion of the space, unaware that they destroy what they seek to possess. 'No Trespassing' signs blossom overnight along miles of decades-old fenceline. Private property always sacrosanct here, takes on a new dimension as exclusivity more and more blocks claim to land and spaces. The zealotry of the newcomer, the unbridled ambition to stake a private claim on the spaces, is familiar to native Montanans. They've seen it for years just as they've seen other kinds of change (Law, 1988).

The development pressures infringing on the state can primarily be seen near natural amenities, leading to the steady depletion of open space, including private forestlands and sensitive wildlife habitat.

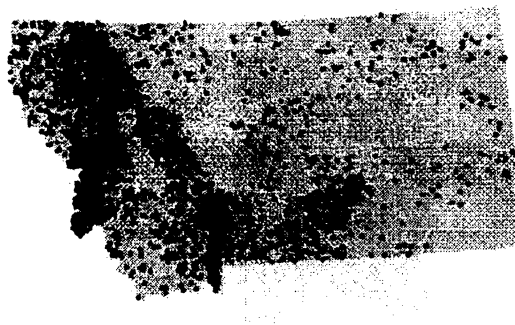
## **FORESTLAND CONVERSION**

As more people discover the amenities they associate with and value in Montana's landscape, development will continue to threaten the use of forested landscapes for agriculture, forestry, recreation, and personal solace. As concerned citizens work arduously towards the protection of Montana's forests they are now facing the added challenge of private forestland conversion. These forests, once viewed as uninhabitable to many, are now the objects of opportunity for the wealthy newcomer and over zealous developer.

Only within the most recent decades has the value of raw nature changed from a liability where 100 acres of forested land were considered uninhabitable, to be sold for a dollar an acre if a buyer could be found, to a national destination where that same 100 acres is now beyond the financial capability of most. As other states have run out of wild places, Montana's rural landscape has changed from being a survival challenge to becoming a symbol of the "last best place" (Kolb, 2002).

In less than a generation, some western Montanan communities have already witnessed intense transformation of the forested landscape. In the montane/forested regions of western and southwestern Montana, residential and commercial subdivisions are encroaching upon previously forested areas. In fact, this area of the state is now home to 60% of Montana's total human population (MFW&P, 2000a). Figure 2 illustrates this fact by showing the clustering of new households in the western, forested region of Montana<sup>4</sup>. The changing economy and population growth are increasing demand for new home sites (MFW&P, 2000a). Due to this demand and people's ability and willingness to pay, land prices have escalated, especially in areas with forests and water frontage, prompting private forestland owners to sell and subdivide.

**Figure 2: Designation of Households Moving to Montana from other States in 1994**



Source: (Murtaugh, 1999)

Montana's private forests represent an important part of what is left of the rural, undeveloped landscape that many Montanans and its' visitors value. As these lands become more valuable for real estate and sold to the wealthy newcomer, the greater the

---

<sup>4</sup> This region is also where Plum Creek Timber Company owns most of its land in Montana and where they are now selling land for real estate.

urgency becomes to find ways to maintain these undeveloped forests and prevent their conversion to non-forest uses.

### **THE TIMBER INDUSTRY IN MONTANA**

Central to the topic of forestland conversion and fragmentation is the timber industry. The forest industry has and still plays a pivotal role in the state's ecological, social, and economic well-being. Industrial private forests (IPF) owners, most notably Plum Creek Timber Company (PCTC), own 7 percent or 1.6 million acres of the state's private forests (MFOA, 2002 and MFW&P, 2000a). The forest products industry is concentrated in nine contiguous counties in western Montana and has contributed heavily to the local economic base. The forest products industry employs thousands of Montana's citizens, adding to the average per capita income in the state (MFW&P, 2000a). As PCTC capitalizes on the real estate market in Montana, the role that the forest products industry has played will change.

**Table 2: Ownership of Montana's Forests**

Total Montana Timberland:	22.4 million acres
Reserved (National Parks, etc)	3.4 million acres
Productive public lands	12.9 million acres
10 National Forests	11.4 million acres
BLM	0.7 million acres
State of Montana	0.7 million acres
Total privately owned timberland:	6.0 million acres
Non-industrial private forestlands (NIPF):	4.4 million acres
NIPF excluding Indian Reservations	3.5 million acres
<b>Industrial Private Forests</b>	<b>1.6 million acres</b>

Source: (MFOA, 2004)

The management goals for Industrial Private Forestlands (IPF) are clear: the primary responsibility in managing IPF properties is to produce timber and other wood products that generate net profits for corporate assets and shareholder gain. Although

land management decisions of IPF owners have been altered to accommodate other forest resources such as wildlife habitat and soil productivity, all are revenue based (MFW&P, 2000a). The removal of timber on IPF lands in Montana has exceeded growth during the last two decades, “as industrial processors pursued the management objective of capital liquidation of older timber and their goal of younger, faster growing stands of managed timber”(MFW&P, 2000a). The management practices on IPF lands have greatly influenced the management of federal, state, and other private forestlands due to the checkerboard ownership pattern where IPF lands are located in altering square miles in between other land ownerships.

#### **A HISTORY OF CHECKERBOARD OWNERSHIP: RAILROAD LAND GRANTS**

When discussing the importance of Montana’s forests, and in particular, the role of the timber industry, it is essential to acknowledge the state’s ‘checkerboarded’ ownership pattern. This pattern has played a significant role in past and current forest management—and on the current trend in timberland divestment. Much of the IPF land in Montana is located in altering square sections with other types of ownership. In other words it is “crisscrossed” with Forest Service and other public, state, and private lands, thus creating legal boundaries that have challenged management on an ecosystem level.

Awareness of this management challenge is historic. For example, in 1918

Benton MacKaye, a research forester of the U.S. Forest Service, wrote:

The productive parts of the typical National Forest in the West consist of a patchwork of public and private holdings. And if consistent and rational forest management is to be established on this patchwork—with the social aspects in mind—then some form of co-operation must be effected between the various private interests involved and the public interests represented by the respective State governments and the Federal Government (MacKaye, 1918).

Today, 85 years later, private foresters and public land managers are still trying to find a way to manage forested lands in this ‘patchwork’ of public and private holdings. In the Western United States, this patchwork was intensified by the passage of the Land Grant

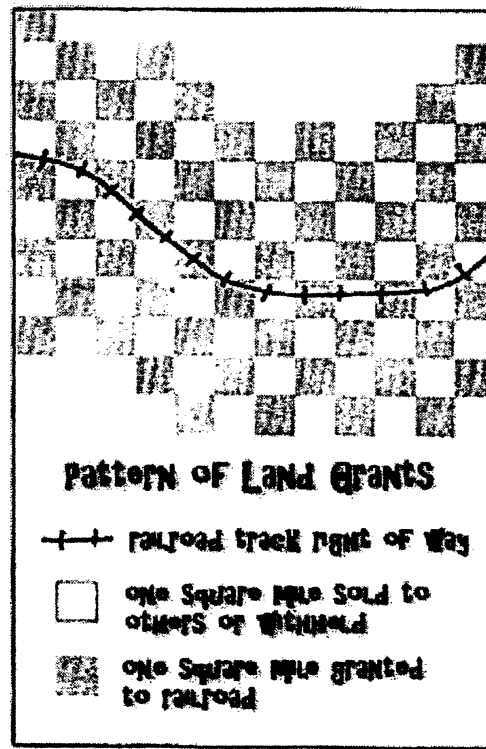
Grant Act of 1864. This act granted, in altering square miles, millions of acres of public land to the Northern Pacific Railroad Company to raise the necessary capital to build and maintain a railroad from Lake Superior to the Pacific Coast. “Honest Abe Lincoln and his Congress conceived a carrot of nearly 39 million acres of federal real estate, saying, ‘Come and get it!’” (Mitchell, 1989).

At the end of the 19<sup>th</sup> century, Northern Pacific was the largest timber owner in the United States with timber and land sales as the company’s primary assets (Cotroneo, 1976). To keep the line running, the Northern Pacific Railroad Company slowed its timber sales and instead began a rapid campaign of disposing of its land holdings, much of which went to timber companies. The company’s first major buyer was Weyerhaeuser, thus marking the historic westward migration in the lumber industry and “laying the foundation for vast industrial fortunes” (Cotroneo, 1976).

Much of the land that the company retained became timber-producing land, particularly in the years following World War II. Then the value of timbered land holdings increased and the railroad company began hiring professional foresters to oversee management (Bechtold, 1992). This land eventually passed to Burlington Northern, a company that resulted from the merger of Northern Pacific and Great Northern. In 1980 Burlington Northern segregated into a railroad and holding company, during which it ‘spun off’ a collection of railroad land based companies, some of which were timber companies. What had been public (and in some cases Native American-controlled) forested lands, are now owned by land grant timber companies.



**Figure 3: Pattern Of Railroad Land Grants**



source: <http://www.landandfreedom.org/>

The checkerboard landscape that resulted from the passage of this act is still vivid on the landscape of the U.S. West. “The Forest Service has had to declare a moratoria in several checkerboard ownership drainages because of cumulative effects concerns....”(Bechtold, 1992). Many argue that the 1864 Act, which was passed to ‘promote the public good’, has instead succeeded in producing a checkerboard landscape that has failed to promote the long-term stability of the ecosystems upon which many human and non-human communities depend (Jensen, 1995). The following quotation illustrates the management conflicts that have resulted from this Act:

While it made sense at the time it now seems as though it were concocted with malicious intent, as a way to forever frustrate citizens and cause nightmares for resource managers. One is tempted to see it as the result of a conspiratorial bad joke played on future generations by a group of drunken legislatures: “first let’s segment the landscape like a checkerboard, with private and public lands intermixed like a crazy quilt; then, we’ll give away sections of land in each township and tell counties that they have to be used to generate revenue for public schools, and of course some of these sections will later be found within wilderness areas; next, we’ll create a budgetary incentive for the USFS to harvest timber, even if such sales end up losing money for the general treasury; and of course, we’ll pass lots of laws that don’t tell these agencies much about how they might resolve the conflicts resulting from such a problematic framework.” (Nie, 2004).

With boundary lines dictating management objectives, caring for whole ecosystems has been a challenging task. Former Chief of the Forest Service, Jack Ward Thomas sums up the problem by saying “The son-of-a-bitch that invented checkerboards ought to be sitting in hell on coals roasting. For a very long time. Let’s face it: ecological systems don’t come in squares” (Szpaller, 2003). The checkerboard pattern dissects the land into distinct parcels, each with its own property owner and associated legal rights. This impedes managing whole ecosystems.

Montana’s landscape and people have been impacted by the checkerboarded landscape and by the management goals of IPF owners who own much of the checkerboard lands. Significant portions of Montana’s forests have been fragmented since statehood due to the artificial boundaries placed on the landscape as a result of the 1864 Act. The checkerboarded landscape in Montana was intensified when the Anaconda Copper Company and the Great Northern (Burlington Northern) Railroad received scores of one-square mile sections of properties across large portions of western Montana (MFW&P, 2000a). These land grants, coupled with the allocation of sections 16 and 36 to the State of Montana only amplified forest fragmentation. As IPF lands are managed insensitively in this checkerboard pattern, the management of state, federal, and private lands are impacted due to cumulative impacts. A quick glance at an aerial



photograph of western Montana will clearly illustrate how these artificial boundaries have left a vivid footprint on the landscape.

**Figure 4: Aerial Photo Taken in the Swan Valley, MT depicting the impact of checkerboard ownership  
“The Historical Hangover”**



Source: Northwest Connections

This legacy will have an even greater impact if these lands are sold for real estate development, thus increasing the number of landowners with different management objectives overlaid on an already complicated ownership pattern. This background is important to understand because much of the IPF land in the state (primarily Plum Creek Timber Company Lands) is in this checkerboard ownership, some of which has already been sold on the open market.

#### **PLUM CREEK TIMBER COMPANY:**

The Seattle-based Burlington Northern subsidiary, Plum Creek Timber Company, now owns much of the checkerboarded private forestlands in Montana. The bulk of their holdings are remnants from the 1864 Land Grant Act (Bechtold, 1992). The company is a direct corporate successor of the Northern Pacific Railroad. When

Burlington Northern separated into two companies, one was a collection of land grant based companies know as Burlington Resources. In 1988 Burlington Resources ‘spun off’ Plum Creek Timber Company as one of their land grant companies, which now controls the grant forests not previously sold by Northern Pacific/Burlington Northern (Jensen, 1995).

Over the years, Plum Creek has maintained a lucrative business in the state of Montana. The company has a long history in the state where they now own nearly 1.4 million acres of timberland. They expanded their holdings in 1993 with the acquisition of more land grant forests from Champion International.<sup>5</sup> This sale included 860,000 acres of timberland for the bargain price of approximately \$300 per acre (Devlin, 1998). Since they own so much of the federal land grants, Plum Creek lands are intermingled with federal, state, and other private holdings, making land management difficult for the company; it is easier to manage land in one contiguous block. The company has "a virtual monopoly" on logging in Montana, owning a majority of the milling and 90 percent of the industrial timber base (Turcotte, 1998).

Timber management on Plum Creek lands has varied over the years, and has elicited much controversy. They began by cutting timber only as fast as they could regrow it. This policy of ‘sustained yield’ was replaced by accelerated cuts. PCTC began cutting heavily on their lands in the 1980’s, increasing the cut by nearly 350 percent between 1981 and 1986 (McQuillan, 2002). In the 1990’s many claim that Plum Creek turned to a practice of “liquidation logging” on its Montana lands, cutting vast swathes in a checkerboarded pattern (Thompson, 2000). This acceleration in harvesting, and apparent disregard of all other considerations other than wood production, helped Plum Creek to earn a reputation as the “Darth Vader” of the timber industry (Bechtold,

---

<sup>5</sup> Since its purchase of Champion lands in 1993, Plum Creek has been evaluating its holdings to determine which lands did not “mesh with the company’s business of timber development” (Stromnes, 1997)



1992). This comparison to Darth Vader appeared in a 1990 front-page Wall Street Journal article headlined “Unkindest Cut,” thus giving the company a poor image and subsequent public relations battle that some speculate they are still fighting today. Some Montanans have commented on Plum Creek’s controversial silvicultural practices. One Montana resident said, “To Plum Creek, the well-being of the land has always been secondary to the quarterly profit report...”they cut the best and leave the rest” (Love, 1997). Another resident agrees, “the intense cutting on the checkerboarded Plum Creeks lands (former Champion International) has created spatial constraints for the Forest Service, and has impacted Montana’s streams, wildlife, and communities” (Gatchell, 2002).

On the other hand, some people have commented that PCTC’s timber practices have evolved for the better over the last several years, largely as a result of their engagement in the Sustainable Forest Initiative (SFI) certification program. Indeed, they have referred to themselves as the ‘leaders in environmental forestry’. As one interviewee said, “The biggest threat to most of the state’s wildlife is the people not the habitat management of the Plum Creek lands. Plum Creek is doing better now” (Anonymous, 2004). In relation to PCTC’s current land sales in Montana, an interviewee said, “Sure, there are problems with their land management, but we could see worse things than the status quo” (Anonymous, 2004).

Although their silvicultural practices have been controversial, Plum Creek Timber Company has provided jobs for many of Montana’s citizens, and its lands have remained relatively open for public access. The company’s ‘open lands policy’<sup>6</sup> allows citizens and visitors to use Plum Creek lands for recreational purposes without first

---

<sup>6</sup> Plum Creek’s Open Lands Policy allows for public use of its lands for many recreational activities including hunting, huckleberry picking, hiking, snowmobiling, horseback riding, etc. Under different ownership (other than public), it is likely that these lands would be closed to public access.

having to lease the land.<sup>7</sup> From that vantage point, Plum Creek lands have functioned more like public lands than private lands. There are many places where timber companies do not keep their lands open to public access. The open lands policy has remained a way for Plum Creek to act as a ‘good citizen’ in Montana (Sorensen, 2004). Despite the controversies over their land management practices in Montana and beyond<sup>8</sup> many of the people that participated in this study, including congressional staffers, land trust representatives and members of local community groups, have indicated that the status of Plum Creek lands is an extremely important issue for the future of the state.

### ***Corporate Structure***

Plum Creek Timber Company has managed to survive and even thrive during hard times faced by the whole timber industry, otherwise referred to as “‘industrial Darwinism” (Mitchell, 1989). What helped the company in the late 1980’s was its restructuring to a Master Limited Partnership. Under this structure, Plum Creek gained substantial tax advantages accrued under certain provisions of the federal tax code. As a result of this move and other business ventures, Plum Creek is one of the largest private landowner in the nation. The company owns large expanses of land from the east to west coast with over 8 million acres in 19 states. Plum Creek owns timberland in every major timber region in the United States with 10 wood product mills in the Northwest (PCTC, 2004b ; Stromnes, 2002). Although they have been very successful financially as a timber company, Plum Creek has recently begun yet another process of corporate restructuring. As the timber industry fluctuates, and as pressure increases from Wall Street, Plum Creek is now diversifying the company to include other business ventures in order to make better returns to their shareholders.

---

<sup>7</sup> In all other states where Plum Creek owns lands, they lease recreational access for a fee.

<sup>8</sup> The purpose of this paper is not to detail the debates that have and still are engulfing the management of Plum Creek lands. For more information on Plum Creeks land management practices refer to Bechtold (1992) and Jensen (1994).

### ***From Timber to Real Estate***

The sale of real estate has become the main venture in Plum Creek's restructuring process. Indeed the company now advertises itself not just a timber company but also as a "land company." For reasons similar to their decision to restructure as a Master Limited Partnership in the 1980's, in 1999 Plum Creek took advantage of a new tax bracket and moved the company to the recent status of a Real Estate Investment Trust (REIT). This made Plum Creek the first publicly traded REIT on 3.3 million acres of property located in the Northwest, Northeast, and Southeast (Browne, 2001). This restructuring has assisted the company in their plight to grow through strategic acquisitions and divestitures. In this light, it is important that conservation groups and local communities have a basic understanding of the REIT structure, and in turn, the company's real estate goals if they want to work with this company.

### ***REIT Structure***

What is a REIT and why would Plum Creek and other timber companies consider moving their companies to this new tax bracket? A recent article describes the REIT structure in the following way:

In 1999 the Internal Revenue Service ruled that companies could spin off real-estate assets tax free in the form of real-estate investment trusts (REIT), a decision that gives landholding companies a tax-efficient way to distribute land to shareholders. The ruling could allow landowning companies to cut their tax burden by moving real-estate off their books and paying rent to a REIT they would create (Cornell, 2001).

According to Plum Creek, this is an ideal, tax efficient way to own timberlands (PCTC, 2004b). As a REIT Plum Creek is not taxed at the corporate level, thus avoiding the 'double taxation' effect whereby both the company and the shareholders pay taxes on the dividends (Browne, 2001). The company is non-taxable at the REIT level, but instead at the shareholder level. Under this new structure, Plum Creek owns and operates land for income, making it a more fluid vehicle for buying and selling land.

The various aspects of Plum Creek's REIT structure are fairly complex.

Although the company is managed under the REIT umbrella, they do have taxable subsidiaries such as, their manufacturing facilities (8 mills all located in Montana) and their land company, which is based out of Seattle<sup>9</sup> (Sorensen, 2004). The conversion to a REIT will not change PCTC's day-to-day operations. Despite the various levels and intricacies inherent in this legal structure, the fact remains that the REIT has allowed the company to grow and stay competitive (Ludwick, 1998).

What does this restructuring mean for Plum Creek's land management and divestment strategies? There is no direct way to answer this question because Plum Creek and other REIT's land management goals and policies are not static. However, some generalizations can be made. When discussing forestland conversion in general, it will be in a REIT's "best interest to capture any incremental value from the sale of property for its highest and best use (versus its value as forestland)" (Browne, 2001). In addition, when discussing silviculture, most REITs will manage their properties intensively "with significant pressure to focus on the most cost efficient investments" (Browne, 2001). Finally, when it comes to divestment and selling environmentally sensitive lands and/or conservation easements, most REITs will engage in such practices if a sale can be made *at or above* fair market value. Often the conservation values of land can be higher than their operational values, thus giving an incentive to REITs and other institutional investors to sell land for conservation.

### ***Land Divestment Strategies***

Plum Creek has now sold parcels of its landbase from Maine to Washington and they are currently selling large blocks of acreage in the checkerboarded landscape of

---

<sup>9</sup>To date, Plum Creek has only engaged in actual land development on a small scale. Therefore, most of their land sales remain non-taxable at the corporate level (income from land sales is taxable at the shareholder level) since they are only selling, not developing their lands. The developers who buy the land deal with the development, and the subsequent taxes and legal constraints. Examples of Plum Creek developments include lands around the Bitterroot Lakes and a subdivision near Ashley Lake in Montana.



Western Montana. Cathy Johnson of the Maine Natural Resources Council comments on Plum Creek's recent real estate transactions in Maine. She says "they are bringing in the highest short-term rate of return to their investors through developing shorefront lots—not by managing for long-term timber values—appears to be Plum Creek's main goal" (Austin, 2002). Over the last decade Plum Creek has begun an "aggressive campaign at looking at its timber holdings to determine whether they have "higher and better uses" (HBU) as real estate"(Peterson, 2003). In January of this year, Rick Holley, the President and CEO of Plum Creek announced that

The manufacturing side of the company's business isn't long-term and it's not a business the company will likely grow in the future. The company's real estate offerings, on the other hand, are a different matter.... We get as much value out of each and every acre as we possible can (Peterson, 2003).

According to Holley, real estate is now about 30 percent of the company's business. In a recent press release (January 2004) reporting on results from the previous year, Plum Creek proclaimed that,

Real estate captured values for assets significantly in excess of timberland values. The Company expects real-estate segment sales for the year, excluding the sale of large, non-strategic lands, to be between \$140 and \$160 million. Full year 2003 revenues include \$13 million from the sale of non-strategic timberlands. Fourth quarter sales were primarily comprised of higher and better use [HBU] and recreational properties. Demand for conservation, development, and recreational land remains strong (Budinick, 2004).

Plum Creek has identified 400,000 acres of valuable real estate properties as well as an additional 900,000 acres that have potential real estate value. Holley also noted the company "is looking at an additional 1 million acres they do not want to hold in the long-term. In short, if it's worth more as real estate than as timber, it could soon be on the market" (Peterson, 2003). In a recent speech in New York (September, 2003) Holley said,

The company would like to stay in real estate deals longer and do a joint venture with a high-end development company—to the master planning stage—so that it can make more money per acre. Rather than making \$5,000 an acre selling raw timberland, Plum Creek could make \$25,000 an acre (Peterson, 2003b).

Given the likelihood that divested HBU (Higher and Better Use) lands are likely to be converted to non-forest uses, it raises questions regarding future conservation values, wildlife habitat, rural landscapes and economies, and flexibility for forest management on both public and private lands.

### ***Land Divestment in Montana***

Plum Creek Timber Company has begun a process of assessing its lands in Montana to determine which parcels may have higher and best use (HBU) as real estate. Although some of this land has already been lost to development, PCTC has been working with concerned citizens in Montana to maintain conservation values by engaging in deals that will prevent the conversion of their lands to non-forest uses. Indeed it was the company that approached conservation groups and public agencies in 1996 to see what their conservation priorities were before they began a large land sale program in the state. They have been working with partnerships to meet these priorities, which has already led to considerable conservation outcomes.

In the Thompson Fisher River Basin, Blackfoot Watershed, and Swan Valley in Western Montana, Plum Creek determined that there were parcels in each place that fell into the company's definition of HBU. All three of these areas in Western Montana have a diversity of plant and wildlife species, offer many recreational opportunities, and provide economic and other values for nearby rural communities. The sale of significant sections of Plum Creek lands, especially if sold for real estate and converted to non-forest uses, could have far reaching ecological and social repercussions. In each of these areas partnerships between federal and state agencies, local working groups and/or local governments, conservation groups, and land trusts have formed to obtain the public

support and funding to proactively address the divestment of PCTC lands in Western Montana.

While Plum Creek must focus on the interests of the company and its stockholders, Montana's concerned citizens need to look after the interest of their future and determine how to maintain forest landscape values important to them while working with the corporate agenda. The work that has ensued to prevent the conversion of Plum Creek's lands has brought together diverse groups of people who may not agree on forest management principles, but do agree that the loss and fragmentation of these lands would be detrimental to the social and physical landscape. The following quotation points out that these diverse interest groups are all facing the common problem of corporate power and global capital. As such, they could be working together to face this common challenge.

But in our society, large corporations are rather like the joke about "where does a ten-ton parrot sleep?" It sleeps, of course, anywhere it wants to! This is a global fact and one that we all face, the small mill worker, local logger, and determined environmentalist. We are all equally powerless as the rest in the face of global capital (McQuillan, 2002)

The bottom line is that concerned citizens need to understand how Plum Creek works, what their corporate desires are, what is at stake and *that they do have power to influence this situation*. Rural leaders and organizations can take the lead on the processes that will affect these IPF lands long into the future. To do so, they need to arm themselves with the knowledge and the backing to come up with viable solutions.

As more of Plum Creek lands are put on the market it will be important for concerned citizens and organizations to determine if and how they want to play role in maintaining public benefits on these lands. As Alan Wood, Wildlife Mitigation Coordinator for Montana Fish Wildlife and Parks said,

These lands are valuable and are at risk of being lost. To keep what we have, intact, is worth something. Who will own these lands? What will be the forest management? How will they contribute to the local economy, community and jobs? All these questions are important, but once the lands are sold and subdivided those options are gone.... forever (Wood, 2004).

With a clearer understanding of PCTC's corporate strategies and how their lands have both impacted and contributed to the public benefits associated with Montana's forested landscapes, the next chapter will describe how concerned citizens and organizations have been working together in three specific places in Western Montana to address the sale of PCTC lands. Diverse coalitions have organized to find effective tools and strategies to protect these lands from sale on the open real estate market. We turn to these cases now and the lessons they suggest for others.

## ***CHAPTER 4: CASE STUDIES***

This chapter will describe three different situations involving the potential conversion of Plum Creek Timber Company's lands to non-forest uses. These three case studies include the Thompson Fisher River Valley, Swan Valley, and Blackfoot Valleys of Western Montana. All three of these areas are geographically connected (see figure 5) They are also biological strongholds in the Yellowstone to Yukon eco-region and sustain rural landscapes, including a matrix of different ownership patterns. But despite the similarities, conditions in these three places are different and suggest that different tools and strategies are necessary to forge deals with PCTC and maintain the important public values associated with these lands.

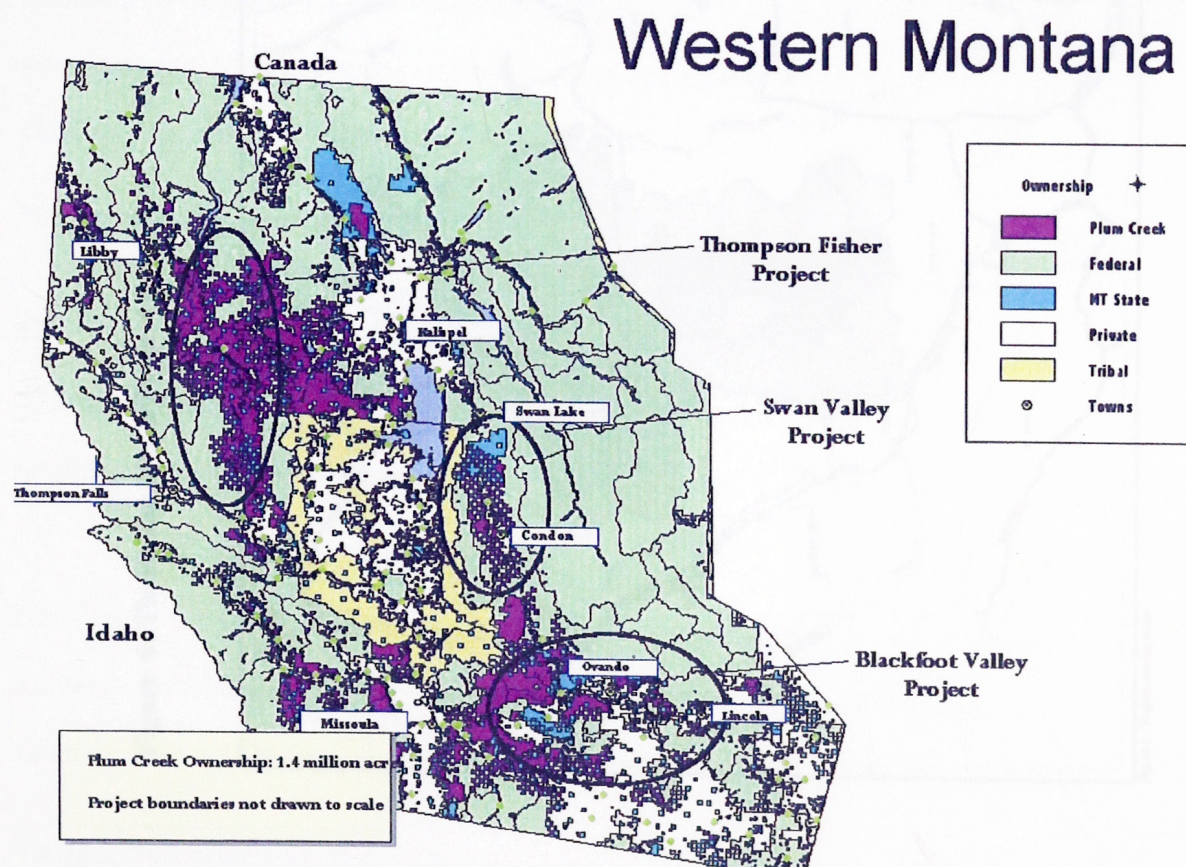
Rather than providing a deep exploration into one case study, I have chosen to give a broad overview of three separate areas in Montana facing this issue in order to better illustrate the different approaches being taken to address this issue and to draw on the range of lessons that can be learned from diverse experiences. Through a comparison this study found that the strategies used in each place will be influenced by a multitude of factors including local leadership, partnership dynamics, community initiative, land prices, and the landscape's social and ecological characteristics. A major finding of this study is that there is not one tool or strategy that fits every situation. However, the study found lessons to be learned and ideas to be shared amongst the various groups facing this issue. The goal of the study is that the communities and partnerships facing similar challenges with the current trend in timberland divestment will benefit by the examination of and comparisons between other groups already entrenched in this issue.

The description of all three case studies is based upon information I collected from personal interviews, newspaper articles, government documents, and public meeting minutes and observations. In addition, during the past year I have been living in and



involved with community-driven efforts in the Swan Valley to proactively address the sale of PCTC lands. In the Swan Valley I have been attending monthly community meetings and have been an active volunteer in their efforts to prevent the conversion of these lands to non-forest uses. From that vantage point, my analysis and discussion of the Swan Valley situation will be fueled by a more intimate and enhanced knowledge of the people and landscape of that particular place. The description of the Thompson Fisher project and the Blackfoot Community Project is based on my best attempt at understanding these situations from an outsiders perspective and from coalescing the comments of project participants and research written on these efforts.

**Figure 5: Map of Case Study Areas**



**Figure 6: Thompson Fisher Project Area**

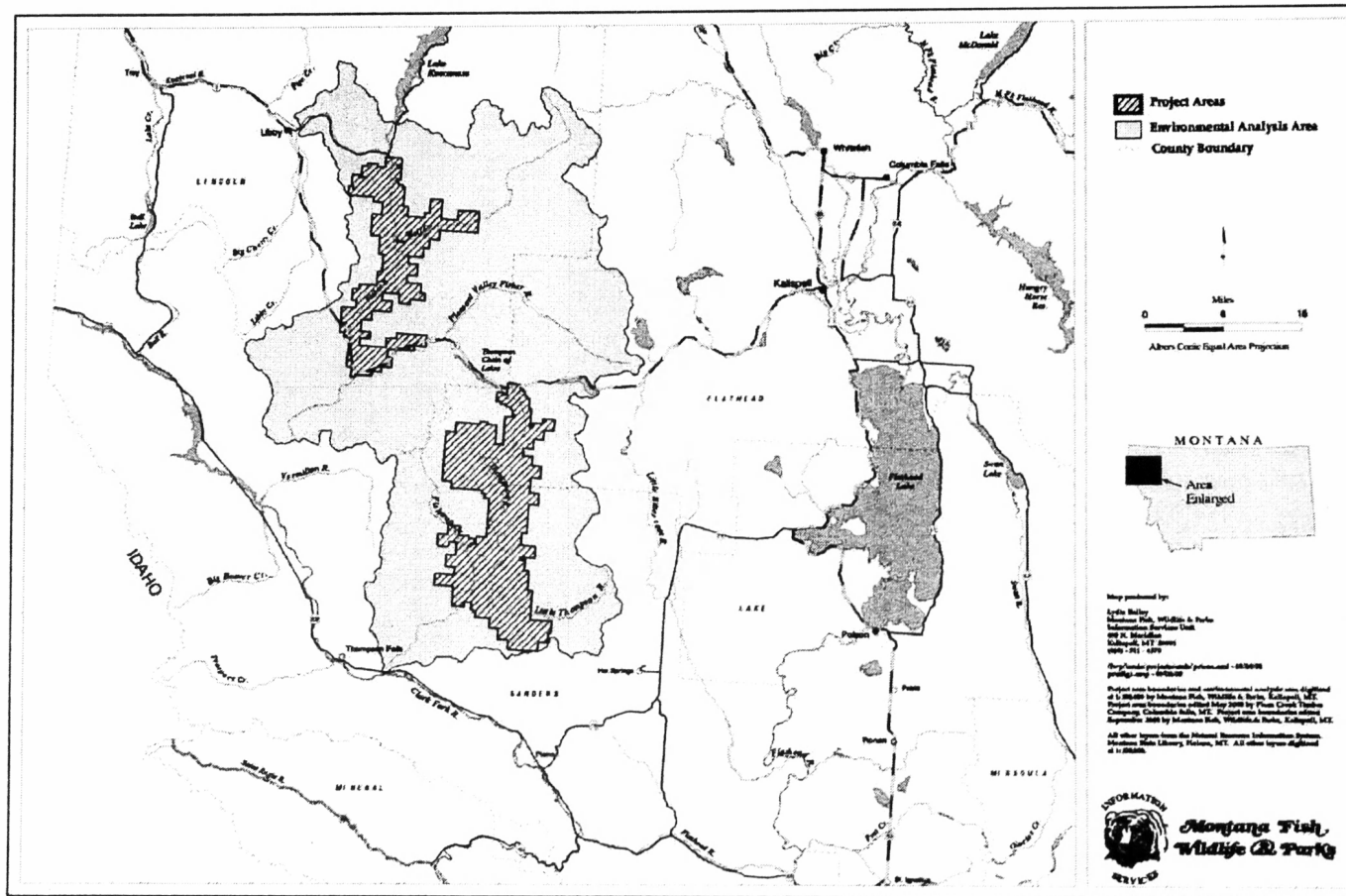


Figure 1. Project area locations.



## THE THOMPSON FISHER PROJECT

### *Overview*

Upon completion of their 1996 Land Use Plan, Plum Creek Timber Company identified several of their waterfront properties in Montana as higher and better use (HBU) lands. As defined in previous chapters, HBU lands are lands that produce higher financial returns to the company through strategic sales and development than they do as timberlands. Nearly 70,000 acres of the valley bottoms and bench lands in the Thompson and Fisher River Valleys in Western Montana were included in this HBU assessment, and therefore were targeted as ripe for future sale and subdivision (BPA, 1999; MFW&P, 2000b). These forestlands hold important wildlife, recreational, economic, and aesthetic values and, as a result, were identified by Montana Fish Wildlife and Parks (MFW&P)<sup>10</sup> as an important area to protect from subdivision. MFW&P, along with other partners, embarked on an aggressive multi-year effort (negotiations began in 1996 and the project was completed in 2003) to work with PCTC to prevent the subdivision of a total of 142,000 acres of Plum Creek's lands in the drainages.

### *The Social and Physical Landscape:*

The high biological, recreational, and timber values found in the Thompson and Fisher River Valleys, coupled with visionary leadership by specific individuals involved with this effort, were instrumental factors in determining the conservation strategies employed to prevent the conversion of 142,000 acres of PCTC to non-forest uses.

**Lay of the Land:** The Thompson and Fisher River Valleys consist primarily of PCTC lands, national forest lands, and state (school trust) lands; there is very little non-corporate private land. Non-corporate private landowners own less than 5% of the Thompson River project area (4,700 acres) and 3% of the Fisher River project area (1,600

---

<sup>10</sup> Montana Fish Wildlife and Parks (MFW&P) is a state agency whose mission is to provide for the stewardship of the fish, wildlife, parks and recreational resources of Montana, while contributing to the quality of life for present and future generations (MFW&P, 2004).



acres) (MFW&P, 2000b). There are several cabin sites and ranches on private lands in the Thompson River project area, but only a few ranches and cabins in the Fisher River project area.

The Thompson Fisher Project area has long been recognized by wildlife specialists and enthusiasts for its abundant wildlife populations and for its importance in enhancing or maintaining the long-term viability of many species. There are numerous threatened and endangered species that use the project area including: the Canada lynx, grizzly bear, bald eagle, and gray wolf. The area has been listed as a stronghold for bull trout and westslope cutthroat trout in the Clark Fork Basin. In addition, the area provides essential winter range for elk, moose, mule deer, and white-tailed deer. It also provides important spring, fall, or migratory habitat for these species. Additionally, bighorn sheep, mountain lions, black bears, bobcats, coyotes, semi-aquatic furbearers, waterfowl, upland game birds, and amphibians and reptiles, as well as other nongame wildlife are found within the project area (MFW&P, 2000b).

**The People and Economy:** Unlike the following two cases where there are permanent residents and established organizations that lead community-based collaborative efforts, the Thompson Fisher project area involves very little non-corporate private land and few full time residents. There is no central ‘community of place’. However, there are many ‘communities of interest’ or non-resident people who visit the Thompson and Fisher River drainages year-round. The project area is primarily used by the hunting, fishing, and recreation ‘communities’ of the surrounding localities of Libby, Thompson Falls, and Kalispell. In addition, many tourists come to enjoy the recreational opportunities that these drainages offer.

As a result of Plum Creek’s ‘open lands policy’, these lands have free public access for fishing, hunting, camping, and other types of recreation. Given its important

wildlife status, the project area has been referred to as Montana's 'bread-and-butter' hunting area (Williams, 2004), encompassing the core Hunting Districts 103 and 122 (Illi, 2000). The Fisher sub basin comprising hunting district 103 provided 28,733 deer hunting days and 14,454 elk hunting days during the 1996 hunting season. Likewise, the Thompson River basin comprising hunting district 122 provided 19,638 deer hunter days and 13,451 elk hunting days that same year. The area is also well known for its high quality fishing and is utilized by both local residents and out of state tourists due to its easy accessibility and low human development (BPA, 1999).

The 142,000 acres of PCTC lands within the 'project area' lie primarily within Sanders and Lincoln Counties (92.8% of the 142,000 acres), with the remaining in Flathead County. The former two counties are sparsely populated rural counties whose economy relies heavily on logging and other natural resource extractive industries (Duffield and Neher, 2000). Population growth has been slowly increasing in Flathead and Sanders counties. However, there has been a decline in population for Lincoln County. Per capita income varies between the three counties in the project area. In 1997, Flathead County had the highest per capita income with \$20,067, Lincoln was lower at \$18,725, and Sanders was substantially lower at \$14,471 (Duffield and Neher, 2000). Sanders and Lincoln counties, and to a much lesser degree Flathead county, have relied on PCTC lands to bolster the county tax base. PCTC pays \$1.00 per acre on their nondeveloped forestland, contributing an estimated \$74,300 for Sanders County, \$56,000 for Lincoln County and \$10,100 for Flathead County.

### ***The Threat of Development***

Although at this time development in both drainages is very limited, if the 142,000 acres of PCTC lands within the Thompson Fisher Project were sold for development, it was estimated (based on land appraisals) that there was potential for 357

tracts to be divided and sold over a 24-year period<sup>11</sup>. This would have led to “142 new tracks in Lincoln County, 187 in Sanders, and 26 in Flathead or 6 to 8 to 1 new houses per year for these counties, respectively, over the planning period”(Duffield and Neher, 2000).

If sold for development and broken up into 300 plus separate parcels over a 24-year period, both the biological and social values in these lands could be dramatically reduced. If subdivided, fenced and converted to homes, important wildlife habitat would be fragmented and management flexibility for fish and wildlife resources would be impaired on a landscape scale (BPA, 1999). In addition to the biological impacts, there would be considerable social and economic implications. A report conducted to analyze the socio-economic impacts of residential development on the 142,000-acre project area predicted that if these lands were sold for development the following could occur:

- ✓ Hunting use would be reduced by 40% due to loss of access and winter range, and angler days would be reduced by 25% from current levels. Subdividing the project area would substantially reduce hunting and fishing use of the Thompson and Fisher drainages by nonresidents and by Montana residents from outside the Sanders and Lincoln County area.
- ✓ The aforementioned counties could lose money. Although the county tax base would be increased with additional landowners paying property taxes, studies conducted in other Montana counties have indicated that subdivision and development of forest lands end up costing county governments more than they receive in property taxes (Haggerty, 1996).
- ✓ Timber production could be reduced by 21 to 56 MBF/year. This could result in the loss of 139 to 372 full and part-time timber related jobs.

As a result of these potential impacts, MFW&P commenced a dialogue with Plum Creek to determine what could be done to prevent the subdivision of these important forestlands.

---

<sup>11</sup> The 24 year planning period was used in the socio-economic study contracted out by MFW&P to determine the impacts of the management alternatives of: 1.) purchasing a conservation easement that would prevent the sale of residential development or 2). residential development (no purchase agreement). The analysis of this socio-economic report relies heavily on the rate of residential development projected by the appraisal report (Illi, 2000). The authors of the socio-economic study recognize that there are considerable uncertainties with regard to projecting this far into the future.

### ***Project Goals and Objectives***

The objectives of the Thompson Fisher project were to prevent the negative impacts that are often associated with land subdivision and development. More specifically the project initiators wanted to: restrict subdivision/commercial development; ensure long-term maintenance/enhancement of native wildlife and fish species habitats; allow for the restoration of streambank hydrology; allow for continued management of timber resources consistent with these objectives, and provide associated recreational opportunities that draw many people to these two River Basins. The initiators saw this as a once in a lifetime opportunity to work with the largest single private landowner in Northwest Montana to “provide some degree of social and economic security at a time when western Montana continues to change due to increasing pressures from human population and development” (BPA, 1999).

### ***Partnership***

The main partners of the Thompson Fisher Project included the State of Montana through Montana Fish Wildlife and Parks (MFW&P), The Rocky Mountain Elk Foundation, PCTC, and in the later stages, the private non-government organization Trust for Public Lands (TPL). Each of the partners played a strategic role in the outcome of the agreement. The MFW&P played a lead role in all aspects throughout the project’s duration. The Rocky Mountain Elk Foundation acted as a mediator, playing a strategic role in the negotiation process. The Trust for Public Lands came in at the end of the project, playing a pivotal role in securing the Forest Legacy funding from the U.S. Treasury,<sup>12</sup> which paid for the bulk of the easement. Many sportsman and recreation groups and numerous county commissioners from all three rural counties also played critical roles in securing public support for this project.

---

<sup>12</sup> The Forest Legacy Program funding is through the Department of Agriculture, specifically for protecting *working* forestland in the United States. The Thompson Fisher Project, through its use of a working forest conservation easement, was the impetus for bringing the Forest Legacy Program to the State of Montana.

### ***Conservation Strategies***

**Working Forest Conservation Easement:** Due to the social and biological importance of this area and Plum Creek's identification of HBU lands in the Thompson Fisher River drainages, MFW&P approached Plum Creek to discuss strategies that would prevent the subdivision of these lands (Wood, 2004). As the lead agency and as one of the first steps, MFW&P assessed the forests in question to determine what conservation strategy would be most appropriate to prevent its subdivision, protect and enhance fish and wildlife values, and maintain public recreational opportunities. In evaluating the full purchase option (fee-acquisition), limited lease potential, or conservation easement alternative, MFW&P along with the other partners including the Rocky Mountain Elk Foundation, Trust for Public Lands, and Plum Creek Timber Company, determined that purchasing development rights on these lands through the use of a conservation easement<sup>13</sup> would fulfill the needs of all parties involved and result in achieving the project's identified goals.

Why was a 142,000-acre conservation easement to purchase development rights the strategy chosen as one of the key strategies to prevent the subdivision of these important forestlands? The MFW&P led Thompson Fisher Project partners determined that of primary importance to the success of the project was identifying a strategy that would be financially feasible, amenable to Plum Creek Timber Company (PCTC), and supported by the people of northwestern Montana. According to PCTC, the Thompson Fisher River Basins harbor important timber producing lands close to Plum Creek's mills and therefore they were not willing to sell, in full fee, the rights to all of the lands in

---

<sup>13</sup> The *conservation easement* is a voluntary legal agreement that permanently restricts specified activities on a piece of property, in order to protect conservation values such as forest ecosystems, wildlife habitat, biodiversity, water quality, open space and carbon sequestration. In many conservation easements *development rights* on the property are donated or sold to a third party. Typically the severance of development rights is referred to as a 'conservation easement' without reference to whether it was purchased or donated. <http://www.cahe.nmsu.edu/pubs/research/economics/TR34.pdf>.

question (Sorensen, 2004). However, PCTC had classified a large portion of the 142,000-acre project area as HBU with real estate potential and therefore they were willing to discuss the potential of selling the land's development rights through the use of a working forest conservation easement. They didn't want the government telling them how to manage their lands, nor were they willing to donate outright a conservation easement due to the limited tax advantage the company would accrue. Originally, PCTC only wanted to sell the development rights on the 70,000 lowland acres with current HBU potential. However, if MFW&P and the public were going to invest so much money, time, and energy into this project, they wanted a larger project that included the upland 70,000 acres as well to prevent the possibility of future developments on lands surrounding the easement area and to secure the yearlong habitats important to local wildlife populations. This was a difficult decision for Plum Creek because the company was worried about the risk of losing greater future potential returns on these lands (Sorensen, 2004). However, Plum Creek decided that it was in the company's best interest as well as the public interest to go ahead with the project in its entirety.

With Plum Creek willing to sell the development rights on 142,000 acres, it was then important to garner public support for a conservation easement purchase in order to determine if this was a publicly supported strategy. The willing buyer (of development rights in this case) would be the State of Montana through MFW&P. Due to the high costs of full fee purchase, MFW&P could not purchase the lands directly, but could serve as holder of the conservation easement. MFW&P representatives felt that the conservation easement strategy would meet the stated objectives for this important acreage. It would keep the land in one private ownership block, thus reducing conflicting management directives from a multitude of ownerships. According to Alan Wood (2004), Wildlife Mitigation Coordinator for MFW&P, it was important to ensure that

these lands maintain future wildlife values. He feels that the conservation easement achieves this goal because it ensures that this land will remain as forestland, thus preventing future conflicts with multiple landowners with different management objectives. Freezing the current management into place with the inclusion of Plum Creek's Sustainable Forest Initiatives/Environmental Principles, coupled with a MFW&P monitoring and management plan and Plum Creek's multi-resource management plan helped to add assurance that these lands would be protected for future resource values. Furthermore, the terms of the conservation easement would allow MFW&P to secure in perpetuity open recreational access to these lands for Montana and its guests.

The conservation easement would essentially allow for the maintenance of the 'status quo' in the area by maintaining commercial timber production and recreational access. According to MFW&P, one of the most important aspects for PCTC, MFW&P, and the many people who enjoy this area was for things to remain the same: "It all boiled down to that we don't want things to change; we want to maintain the status quo" (Wood,

#### **A Few Specifics of the Conservation Easement:**

- All development rights have been removed from 142,000 acres of PCTC land
- The acreage will remain open to public access in perpetuity, thus maintaining the 'status quo'
- PCTC's right to subdivide, sell, convey or exchange on approximately 142,000 acres into more than 35 distinct parcels has been *removed*.
- PCTC's right to construct or place any permanent structure, building or improvement on the property has been *removed*.
- Plum Creek will *retain* the right to grow, manage, sell, and harvest timber consistent with their own Environmental Principles and Sustainable Forest Initiative (see [www.plumcreek.com](http://www.plumcreek.com) for more information on these principles).
- PCTC will retain the right to graze only cattle and horses at levels capped at 1999 levels
- MFW&P can enter the land to monitor PCTC's compliance and enforce specific restrictions
- A multi-resource management plan was developed to comply with the specifics of the conservation easement and to comply with the Forest Legacy program's requirement to prevent the conversion of environmentally important private forestland to nonforest uses.

2004). The large-scale conservation easement strategy would allow PCTC to continue to cut timber, timber jobs would be maintained, the area would still be open year round for people to recreate in, and it would continue to provide habitat for the area's wildlife populations without the looming threat of intense parcelization and real estate development.

The conservation easement was a hell of a lot better than buying the land and owning it. You can stretch your dollars further and Plum Creek still pays the taxes. Furthermore, the economic value stays in the community (Anonymous, 2004).

It was thought then, by supporters, that the goals of the project would be met with a conservation easement strategy.

It is important to note that although the maintenance of the status quo was an important aspect of this project to the public, it should not and cannot be overlooked that Plum Creek's harvesting practices would essentially remain in place, thus igniting what was the main area of controversy with this particular conservation strategy in this place. MFW&P did work with PCTC to include Sustainable Forestry Initiative Principles, which offer added protection for fish and wildlife habitat. MFW&P is aware that the easement "may not protect the habitat as much as would be optimal", but they feel that the conservation easement provides better habitat protection than without the easement purchase (MFW&P, 2000b).

### ***Public Outreach***

As a representative of Montana's citizens, it was imperative for MFW&P to garner the support of the public (local and statewide citizens) in purchasing the conservation easement. In the beginning PCTC was wary of the agency bringing this project to the public when many aspects of the negotiations were just in the discussion stage. From a corporate perspective, building public expectations before a deal is made could lead to poor company' image if they were to back out or if the deal fell through



(Wood, 2004). However, the state agency MFW&P, is not only required to, but also felt the success of the project was contingent upon getting early public input on all aspects of this project.

We could not do all of the negotiations and then go to the public and say “here, this is what we are offering to you”. That is not the way it works. So we built in a compromise with the Plum Creek representatives and began to let folks know what we were thinking about (Wood, 2004).

With a \$30 million price tag, nothing would or could happen without this support.

The state embarked on an aggressive public relations campaign to garner as much public support as they could. As previously mentioned there are not many private landowners in the immediate project vicinity. “There is not really a ‘community’ in the Thompson and Fisher; however, what we did have was the hunting and fishing community” (Wood, 2004). Early on the agency began calling people and organizations that use the project area and said, “hey, can we come down and give you a presentation on a project we are thinking about? We were looking to gather input and let people ask questions”(Wood, 2004). Information was presented to more than 500 citizens at various public meetings. During many of the informational meetings, MFW&P avoided using the title “conservation easement”, and instead they pitched the idea of the project as an agreement to maintain the “status quo”. Recent research has shown that the term conservation easement causes initial negative reactions among people unfamiliar with such documents (Weigel et. al. 2004). In addition, MFW&P asked the county commissioners from Sanders, Lincoln, and Flathead counties to be on ‘working group’ to work out the details of this strategy (MFW&P, 2000b). County Commissioner Carol Brooker (2004) comments, “We were very engaged in the planning and in all discussions regarding the pro’s and con’s of the easement.”

Most people did not want to see this area subdivided and, therefore, there was widespread support for any strategy that could accomplish this, including a conservation easement. Many local hunting and fishing clubs who use this area year-round helped to build support. Jerry Sorenson (2004), Senior Land Manager for Plum Creek Timber Company comments, "In the Thompson Fisher project it was the 'hook and bullet' crowd that ultimately helped to drive the success of the project. The hunting and fishing crowds in Libby and Kalispell really helped to carry the day." According to the people that were interviewed for this professional paper, the conservation easement had widespread support from loggers to sportsmen to environmentalists. Sanders County Commissioner, Carol Brooker (2004), said "It was really neat to see such a cross section of support." She adds that this strategy was important in preventing the encroachment of residences into the forest, thus avoiding the obligation to provide services to rural-recreational development. Montana Senator Conrad Burns and former Governor Mark Racicot both supported the conservation easement because it spoke to the importance of the area to local citizens, sportsmen, and the local timber base (TPL, 2003). The project was not without its critics, particularly from people who thought that the \$34 million price tag to purchase the development rights was too high a price when Plum Creek would not only retain ownership of the land, but they would still be able to log with little change to their practices. However, from all indications the project had widespread support. Indeed, 93% of the respondents to the Environmental Assessment fully supported the proposed project (MFW&P, 2000b). In the final Environmental Assessment that the MFW&P was required to do for this project, only one person that commented was in strong opposition.

### ***Funding***

The primary funding source for this project came from the U.S. Forest Legacy Program,<sup>14</sup> which uses federal dollars to help purchase easements to maintain working forests. When the price tag for this project went from a projected \$6-12 million to an appraisal value of \$30-plus million, it was the prospect of Forest Legacy dollars that kept the momentum going, ultimately providing \$15.8 million toward the purchase. The other major funding sources were the U.S. Fish and Wildlife Service Habitat Conservation Program (\$9.3 million) and MFW&P Wildlife Mitigation Program (\$5.8 million). Plum Creek Timber Company, Bonneville Power Administration, and Avista Corporation also provided funds to support this project.

### ***Outcome***

The final outcome after years of negotiations and hard work by a multitude of people was a conservation easement that covered 142,015 acres with a total cash value of \$34,460,000. The final stage of the project was completed in the fall of 2003. This project involved creating the largest conservation easement in Montana's history. It was the impetus in bringing the Forest Legacy Program to the state, and it secured the 'status quo' in some of Montana's most environmentally and socially important timberlands. Although seen by many as a successful project from an economic, social, and ecological perspective, questions remain regarding the conservation outcome of this strategy. Indeed, it is too early to analyze the various pros and cons of the easement language, monitoring plan, or multi-resource management plan. However, this case offers one model that can be looked to in the wide-open toolbox being utilized to address the divestment of corporate timberland.

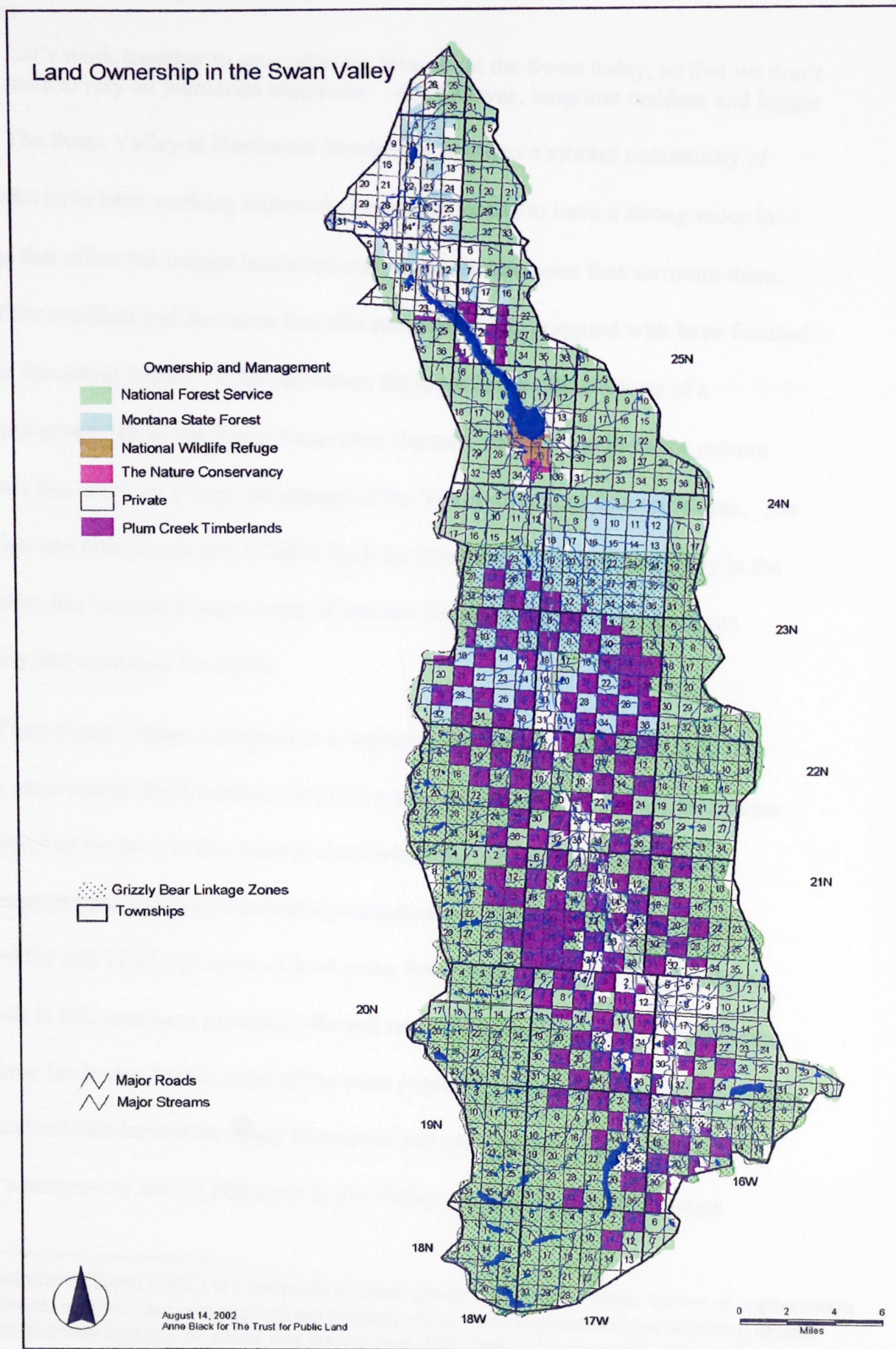
---

<sup>14</sup> See Glossary for more information about this federal program.

<b>Key points of the Thompson Fisher Project</b>	
<b>Location/Landscape</b>	The Project area encompasses 142,000 acres of Plum Creek Timber Company land. These lands are considered 'Core Strategic' timberlands for Plum Creek. This means the lands are close to Plum Creek's mills--- making them important for their manufacturing facilities. Some parcels near river frontage had significant HBU value for real estate.
<b>Threat</b>	Subdivision and development pressure on lands that have supported rural livelihoods and local economies, have provided recreational access, and sustain a diversity of wildlife species.
<b>Opportunity/Goal</b>	The goal of the project is to maintain important wildlife habitats in perpetuity while also allowing for commercial timber and other resource management activities as well as maintain public recreation use of the land (MFW&P, 2000)
<b>Partners/Involvement</b>	Main partners: State of Montana through Montana Fish Wildlife and Parks (MFW&P), Plum Creek Timber Company, The Rocky Mountain Elk Foundation, the Trust for Public Lands (TPL).
<b>Community Involvement</b>	There is no central community in this area. However, there was considerable involvement by the area's county commissioners who served on a working group to help plan, comment, and structure the easement language. The recreational community through various groups and organizations were involved through their outreach in support of the project.
<b>How/Strategy(s) Used</b>	Plum Creek Timber Company sold the development rights on 142,000 acres of timberland through a working forest conservation easement. Development rights have been removed from this acreage in perpetuity.
<b>Why this Strategy?</b>	Full fee acquisition would have been too costly for the state and would not have complied with PCTC's need to maintain the core timber base. This strategy afforded Plum Creek the ability to retain management of key timberlands, while getting monetary compensation for the HBU component of the land. This strategy maintained the status quo by protecting historical public access.
<b>When/Timeframe</b>	Project efforts began in 1996 and the conservation easement on the entire 142,000 acres was completed in the fall of 2003.
<b>Funding Sources</b>	Primary Funding came from the Forest Legacy Program, U.S. Fish and Wildlife Program Habitat Conservation Program, and MFW&P Wildlife Mitigation Program.



Figure 7: Swan Valley Ownership



## THE SWAN VALLEY PROJECT

### *Overview*

Let's work together to save what we love about the Swan today, so that we don't have to rely on memories tomorrow. --Neil Meyer, longtime resident and logger

The Swan Valley in Northwest Montana is home to a vibrant community of people who have been working arduously for over a decade to have a strong voice in decisions that affect the unique landscape and abundant resources that surround them. Many of the conflicts and decisions that this community has grappled with have focused on public forestland issues. Today, however, the main focus of the efforts of a community group, led by the Swan Ecosystem Center,<sup>15</sup> are the threats to the *private* forestlands that make up a large percentage of the Valley floor and forested slopes. The designation and announced sale of HBU lands by Plum Creek Timber Company in the Swan Valley has become a major topic of concern for many members of the Swan community and a catalyst for action.

Plum Creek Timber Company is a major landowner in the Swan Valley. The company owns nearly 80,000 acres (15% of the watershed and 77% of the total private lands). Much of the land in the Swan is checkerboarded with national forest land, making management decisions excessively complicated. Plum Creek has recently announced the sale of 20,000 acres of land in the Swan over the next 5-7 years. Plum Creek lands in this area have provided jobs and recreational access to residents over the years. These lands also harbor some of the most productive forestlands in Montana and offer critical wildlife habitat for many threatened and endangered species. The company's proposal to sell 20,000 acres in the Valley, coupled with the real estate

---

<sup>15</sup> Swan Ecosystem Center (SEC) is a nonprofit citizens' group in the Upper Swan Valley of northwestern Montana. People with diverse perspectives are learning about the ecosystem and participating in land management decision-making on public and private land. SEC helps citizens work with the Forest Service, other public agencies, schools, and representatives of the timber industry on projects designed to maintain the valley's rural and wild characteristics and a sustainable economy.  
<http://www.swanecosystemcenter.com/>

harvests that accompany many of these sales have left many people wondering about the Valley's future.

### ***The Social and Physical Landscape***

The Swan Valley ecosystem is not only important for its biological richness and diversity, but it is also home to a small but dynamic human community. A history of community driven efforts to protect the rural characteristics of this valley, coupled with visionary local leadership, have been major driving forces behind the strategies currently being used and discussed to prevent the conversion of Plum Creek lands to non-forest uses.

**The Lay of the Land:** Driving down Montana State Highway 83, one could easily miss the small town of Condon Montana that lies center stage amidst the vastness of the upper Swan Valley landscape. However, inescapable to the human eye is the beauty and power that engulfs many travelers as they catch their first glimpse of the snowcapped peaks that define the east and west boundaries of the Valley, the winding Swan River that runs parallel to the highway, and the wildlife that are never far from human view.

The Swan Valley is cradled between the Mission Mountain Wilderness to the west and the vast Bob Marshall Wilderness to the east. The glacially carved valley bottom spans 70 miles long and 15 miles wide providing a haven for many wildlife species throughout the year. The Swan Valley is well known for its biological significance: its abundant wildlife populations, productive forests, lush vegetation, numerous alpine lakes, and diverse wetlands, fens, and glacial ponds. Much of the region's diversity can be attributed to the fact that the Valley lies at the border of the maritime and continental climates and therefore has a mixture of Pacific Coastal Forest



and inter-mountain tree species (SEC, 2004b). It serves as the headwaters of the Columbia River Basin, adding to its ecological significance.

As part of the Northern Continental Divide Ecosystem (NCDE), the Swan Valley provides critical habitat linkages for many wide-ranging species, most notably the threatened grizzly bear, north and south along the chain of the Rocky Mountains. The diverse habitats in the Swan sustain 24 species of rare plants and many federally listed species including the bull trout, grizzly bear, and lynx. In addition, the Swan provides critical winter range for elk, mule deer and whitetail deer, and hosts a full compliment of forest carnivores. The Swan is widely known as one of America's premier hunting spots for the whitetail deer; as such, it draws in many locals and non-residents during hunting season. "From the folks after big bucks to meat hunters, the Swan Valley is 'Whitetail Central'"(Long, 2002).

Although brimming with ecological value, the Swan Valley has been hampered with conflicting land management directives that threaten to reduce its ecological significance. This threat is the direct result of artificial boundary lines that were set in place 140 years ago. On account of the 1864 Land Grant Act, the Swan Valley floor and the slopes of the Mission Mountains and Swan Range are defined by a checkerboarded pattern carved into altering square mile sections of federal, state, small private, and industrial private lands (Plum Creek Timber Company). This diversified pattern of land ownership has driven a wedge in realizing the principles laden in the term ecosystem management, a concept now touted by many as the new paradigm in land management. As landowners manage their section according to their specific goals/mandates, the landscape risks further fragmentation spawned by political boundaries. For example, much of the old growth forest in the Swan is located on the Flathead National Forestland that is intermixed with Plum Creek land. Plum Creek has removed much of its old



growth to make room for saw timber. As Plum Creek divests of its land, the company is cutting much of the remaining merchantable timber on lands to be sold. This leaves the old growth on National Forest lands as islands amongst clearcuts (SEC, 2004b).

Moreover, this checkerboard pattern and management means “residents’ livelihoods and the landscape are greatly affected by the decisions of large absentee stakeholders”(Cestero and Belsky, 2004).

**Table 3: Swan Valley Area Ownership**

<i>Private</i>	<i>24,000</i>	<i>4.5%</i>
<i>Plum Creek Timber Co</i>	<i>80,000</i>	<i>15% **</i>
<i>National Forest (multiple use)</i>	<i>314,710</i>	<i>59%</i>
<i>Wilderness Areas</i>	<i>72,000</i>	<i>14%</i>
<i>State Forest</i>	<i>40,000</i>	<i>7.5%</i>
<i>**Note: Plum Creek owns 77% of the private lands in the Valley</i>		

*(Source: SEC, 2004a)*

The above table and accompanying map (Figure 7 on page 57) illustrate the checkerboard ownership pattern that overlays the physical landscape of the Swan Valley.

**The People and Economy:** The dynamics (both social and economic) of the Swan Valley community have been a major component in the events that have unfolded to address the sale of Plum Creek lands. The Swan Valley spans two Montana counties: Missoula County to the south and Lake County to the north. Non-corporate private land makes up a small percentage of the valley floor. While the economic base of the Valley has traditionally included timber, the importance of timber has declined over the past couple of decades (Missoula County, 1996). Although the timber economy is still alive in the broader Swan Valley, tourism and transfer payments brought in by retirees generate a larger degree of the economic base.

The community is made up of a diverse array of people ranging from long time loggers to part time retirees. There are approximately 650 households in the Swan Valley. There are no large-scale employers in the Valley; and therefore, many of its residents are self employed and have become accustomed to working several part time jobs in order to “make ends meet”. There is a general understanding that one must do “whatever it takes” to stay in the Valley; to stay and make a living requires “independent initiative and entrepreneurial spirit” (Cestero and Belsky, 2003). In response to the threat of more development in the Valley, logger and resident Max Greenough comments on why he lives in the Swan, “I live here because of the type of country that it is. There’s not that many people. The thought of a valley that could be adding subdivisions and new neighbors... that ain’t the type of country I want to live in” (Gouras, 2002). Although concerned residents like Max acknowledged the fact that new homes/subdivisions could benefit real estate agents, developers, and homebuilders, they are still concerned about the sales due to the impact this could have on the Swan’s rural character.

### ***History of Collaborative efforts***

The Swan Valley community has a significant history in collaborative conservation efforts, which has helped in their current battle to prevent the conversion of Plum Creek lands to non-forest uses (Mason, 2004). Beginning in the late 1980s when conflict ran rampant in the Valley due to the loss of timber jobs and issues regarding surrounding National Forest lands, some Swan Valley residents joined together to discuss alternative ways to deal with the social, ecological, and economic issues that the community was facing. What eventually emerged from these initial conversations was the Swan Valley Ad Hoc committee and eventually the formation of the Swan Ecosystem Center, a non-profit community based organization that “represents the community in partnership with the Forest Service” (Cestero and Belsky, 2004). SEC’s mission is to retain the Valley’s rural character and lifestyle through an open and inclusive process.

There have been both tangible and intangible outcomes that have emerged from the collaborative work initiated by the Ad Hoc and SEC. Of primary significance to this project are the long strides many community members have made to confront issues in a collaborative process rather than in embroiled conflict and mud slinging. As such, the current issue to address the sale of PCTC lands has been facilitated by these past efforts. The community now has an established organization (SEC) with the ability to organize efforts and build momentum around this issue.

### ***Changing Land Ownership: The Challenge***

Although the checkerboard ownership pattern in the Swan Valley has perpetuated land fragmentation, the Plum Creek lands that encompass a large percentage of the Valley have served landscape conservation and the community in various ways. Of primary importance has been the assurance that with these lands under industrial ownership would remain in the working timber base and open for public use.<sup>16</sup> Now, however, with 20,000 acres of Plum Creek land slated for sale, 10,000 of which could be sold for residential development,<sup>17</sup> many of the traditional uses important to Swan residents are being threatened. As alluded to above, the Swan is well known for its abundant waterways and majestic views; as such, the sale of Plum Creek's lands make it a desirable place to buy land for second homes. Jerry Sorensen, Plum Creek's land manager for the Rocky Mountains, says land in the Swan Valley brings the highest prices of any land in Montana and may bring \$5,000 to \$10,000 an acre even in 160-acre parcels (Pathfinder, 2002).

---

<sup>16</sup> Plum Creek's Open Lands Policy allows for public use of its lands for many recreational activities including hunting, huckleberry picking, hiking, snowmobiling, horseback riding, etc. Under different ownership (other than public), it is likely that these lands would be closed to public access.

<sup>17</sup> Plum Creek has agreed to sell 10,000 acres in the Grizzly Bear Linkage Zones to the National Forest Service.

The Swan is the driver of real estate values. We're getting 5-8 times the amount we get from timberland value. As a manager of an investment portfolio, we cannot ignore that kind of premium and still be responsible to our shareholders. *Things are complicated in the Swan for everyone due to the higher timber value, the high real estate value, and the high conservation value* (Sorensen, 2004)

This fact has played, and continues to play, a key role in determining the conservation strategies used and their success to prevent the wholesale conversion of these lands to non-forest uses.

At stake with the sale and development of these lands is the loss of important wildlife habitat, traditional access, productive timberland, and a rural way of life. In February of 2004 a Committee of SEC produced the Upper Swan Valley Landscape Assessment, a document produced to provide information to public and private landowners and managers to develop and implement ecologically and economically sound stewardship practices (SECb, 2004). This document indicates that the conversion of Plum Creek lands is currently a major concern for Valley residents and for the larger landscape.

There is potential to lose the land base of our working forests and therefore, the economy, lifestyles and access long enjoyed by the people due to the acceleration of Plum Creek Timber Company's divestment of their Swan Valley properties. Already Plum Creek's sales of its lands have impacted the ecological integrity of the landscape in many ways. *Much more seems imminent* (SECb, 2004).

With this threat at the forefront of concern, many citizens have come together to play a lead role in determining the fate of these important forestlands.

The following real estate ad appeared in the Wall Street Journal in 2002. It illustrates the national desirability for the private timberlands in the Swan Valley, Montana.

Figure 8: Wall Street Journal Real Estate Ad

THE WALL STR


WEDNESDAY, JUNE 12, 2002 **D7**

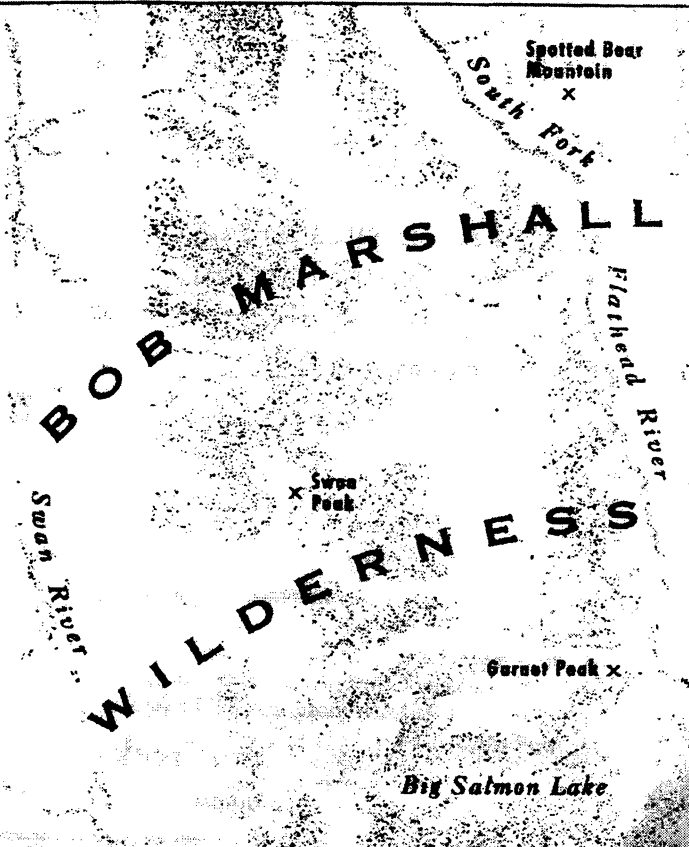
• To Advertise: 1.800.366.3975  
• Fax: 214.640.7900

♦ MONTANA ♦

Home sites so big,  
you won't have any  
neighbors. Except,  
of course, Bob.

One of western Montana's most awe inspiring  
valleys, the centrally located Swan, lies adjacent  
to one of the most spectacular wilderness areas  
in the country. Conveniently, so do our giant  
home sites. To learn more, call Bill DeReu  
at 406/892-6264.

 **PlumCreek**  
[www.plumcreek.com](http://www.plumcreek.com)



### ***History of Plum Creek Timber Company Divestment***

Some members of the Swan community have been grappling with the issue of Plum Creek land divestment for almost a decade. In 1996 a representative of Plum Creek came to a community meeting where it was expressed that the company intended to sell real estate around Lindberg Lake. The area's homeowners and interested community members came together to negotiate a deal with Plum Creek that would retain the lake's viewshed and limit development. They were able to negotiate a three-year option agreement with Plum Creek to purchase the land that would later be conveyed to the Forest Service. The land was adjacent to the Mission Mountain Wilderness Area, and therefore, it was a good fit for federal land acquisition. The Trust for Public Lands worked with these community members to secure the \$8 million necessary to purchase the 2,500 acres around the lakeshore. The money for the acquisition was appropriated through the Land and Water Conservation Fund (LWCF)<sup>18</sup> (Devlin, 1998).

Plum Creek had no intent of stopping its land sales at Lindberg Lake. The following year a company representative again came to a public meeting and announced that they were in the process of designating more HBU lands in the Swan Valley, primarily along lakeshores and on other high real estate properties. In response, the community, through the Ad Hoc Committee and the SEC formed a sub-committee now called the Swan Lands Community Committee to work towards identifying the broader communities' priorities regarding Plum Creek lands. This process included listing community values (e.g. public access, wildlife habitat, fisheries, roadless areas) and then overlaying important parcels on maps to determine which lands were of highest importance to conserve and which conservation strategies would help retain these values (Parker, 2004). Concerned residents have been using various tools, such as: mapping

---

<sup>18</sup> LWCF is a federal program whose funding comes from offshore oil leases. The funds are designated for the protection of important recreation lands across the United States. See Chapter 5 and /or glossary for more detail.

exercises, collecting local knowledge on specific parcels, and conducting various land use surveys to understand local priorities for these lands. Indeed, SEC hired a private contractor to conduct a ‘Trends and Issues’ survey<sup>19</sup> to better understand how the broader community feels about land use issues in the valley. This survey is now being used to help determine conservation strategies for Plum Creek lands.

In 2002, Community Committee drafted the following mission statement:

Influence Plum Creek land divestment such that the community and ecological integrity of the Swan Valley are protected by continually assessing public opinion and providing a common platform for discussion and action of all stakeholders (Koors, 2002).

This Committee has continued to meet monthly to ensure that decision makers hear and understand community goals regarding Plum Creek divestment. This group does not claim to represent the whole valley. They also do not want to interfere with Plum Creek’s property rights, but instead help the company find conservation opportunities that work for all involved parties (Koors, 2002). They simply gather to discuss the issues, research the possibilities, disseminate information, and coordinate with different agencies and organizations that also have a stake in the outcome of this project. To strengthen the work of this Community Committee and SEC efforts, SEC hired a Lands Coordinator to spearhead this work and to act as a liaison between the ‘community’ and decision makers in the deals and decisions made about the landscape.

### ***Partnership***

As a result of the need and desire to involve all the stakeholders interested in the Valley on the divestment of Plum Creek lands, the Swan Lands Coordinating Committee was formed in 2002. This committee is different from the Community Committee

---

<sup>19</sup> The purpose of the survey was to collect information on the opinions of full and part time residents and non-residents with a demonstrated interest in the Swan Valley regarding current and future land use issues in the Swan Valley (Belsky, 2004).

mentioned above, as it involves many agency personnel and conservation organizations that have a vested interest in the Valley. This Committee meets quarterly and involves the participation of: Swan Valley residents, environmental organizations, land trusts (Montana Land Reliance, Trust for Public Lands, and The Nature Conservancy), local environmental groups, county governments, Plum Creek, and State and Federal agencies (United States Forest Service (USFS), U.S. Fish and Wildlife Service (USFWS), Montana Fish Wildlife and Parks (MFW&P), Department of Natural Resource and Conservation (DNRC), and the Swan River State Forest). The formation of this group was essential in bringing together all the stakeholders who have a hand in the land management of the Swan so that efforts could be coordinated and issues could be worked out collaboratively.

### ***Project Goals and Objectives***

According to the Lands Coordinator for the Swan Ecosystem Center, who works specifically to lead community efforts on Plum Creek divestment, “the goal is to try to build a project that speaks to community values and that serves the community well into the future. If we put all the Plum Creek lands into a Park we would not be serving the community. We need to find the right mix of development, working timberland, and public land” (Mason, 2004). The partners involved in this project have been working arduously to find the correct mix of tools and strategies to meet this objective.

### ***Conservation Strategies***

A multi-tiered strategy has been initiated to work towards: maintaining a working landscape, preserving biological diversity, and protecting appropriate public access. Originally, many thought that Plum Creek would divest all of its 80,000 acres in the Swan Valley. However, upon a change in corporate philosophy Plum Creek decided to retain 60,000 acres of Core timberland (for the time being) in the Valley, thus altering the strategies being devised to conserve the land (Anonymous, 2004). As a result of very



high HBU value and highly productive timberlands in the Swan, only a few sections each year are being sold for conservation (primarily into Forest Service ownership) or real estate development. As such, the partners involved in this effort have had to work on a piecemeal approach, reacting to the choices incrementally made by the corporate owner. Although the partners in this effort have spent years working on a comprehensive conservation strategy and vision for the land base, the strategies used to date have largely been in response to what the company is willing (or not willing) to sell.<sup>20</sup> One member of the community who has been involved in these efforts since the mid 1990's comments, "We keep reacting to them [Plum Creek]. They tell us what they are going to do each year and we go out and scramble to find the money or political support....and the next year they come again"(Anonymous, 2004). The following strategies may change as markets fluctuate and as Plum Creek alters its corporate strategy for its landholdings in the Valley.

**Land Acquisition through LWCF:** The foundational conservation tool to date in the Swan Valley has been the Land and Water Conservation Fund Program (LWCF),<sup>21</sup> which is being used to purchase PCTC lands in the checkerboarded landscape for the Forest Service (SEC, 2004a). Plum Creek has agreed to sell half of the slated 20,000 acres that are within designated grizzly bear linkage zones to the Forest Service. As such, LWCF monies will be pivotal in supplying the necessary funds to honor this agreement. This program has protected approximately 6600 acres of Plum Creek land through fee acquisition (purchase of the land and all of the rights). All of the lands acquired through this program are now part of the Flathead National Forest land base,

---

<sup>20</sup> Although, the company decides on a year-to-year basis how much land they will offer for real estate sales, it should be noted that Plum Creek has been working with all of the stakeholders involved with this project to help prioritize which lands should be sold for conservation.

<sup>21</sup> See Glossary for Definition. See Chapter 5 for a detailed description of the Land and Water Conservation Fund Program.

thus helping to consolidate ownership in the Valley—reducing the checkerboard legacy.

This amounts to about 27 million federal dollars since 1999.

The benefits of LWCF in the Valley include the consolidation of Federal lands reducing the cost of management; protecting and restoring important wildlife, fish, and wetland habitat, while maintaining critical travel corridors for wide ranging wildlife, particularly within the identified grizzly linkage zones; and maintaining prized access for public recreation and traditional activities, such as hunting and fishing (SEC, 2004a).

LWCF will continue to play a key role in the strategic plan for the Valley as Plum Creek continues to divest of its lands; however, it cannot be the only player if a comprehensive conservation solution is to be found. A balance must be struck between federal land ownership and private ownership in order to meet expressed community goals, which includes maintaining working forestland and keeping land on the county tax roll.

Moreover, LWCF funds are dwindling due to the current political environment, and thus, relying solely on this funding would be detrimental to this effort. Plum Creek is also concerned about the status of this federal funding source. “We have huge concerns about LWCF. For instance in the Swan we made a deal to buy lands in the linkage zones for the protection of the grizzly bear. All of those acquisitions are contingent on securing LWCF money, which is now being heavily cut by the administration. This makes the company apprehensive about the status of those funds” (Sorensen, 2004).

**Working Forest Conservation Easements:** Another strategy that is under consideration in the Valley is the placement of working forest easements on Plum Creek lands intermingled with the Swan River State Forest lands (approximately 17,500 acres). These working forest easements would be purchased through the Forest Legacy Program<sup>22</sup>. The Forest Legacy Program specifically provides funding to protect working

---

<sup>22</sup> See Glossary for Definition. See Chapter 5 for a detailed description of the Forest Legacy Program.

forestlands and to prevent their conversion to non-forest uses. The easements would be similar to the easement strategy used in the Thompson Fisher Project; in fact, many of the same players have been involved in both efforts. However, this strategy cannot be used to the extent that it was in the Thompson Fisher project because Plum Creek has not determined that easements are the best way to accrue value on their lands in the Swan. They want to retain the development rights on much of this landbase due to the Swan's exceedingly high real estate value and therefore selling all of their development rights would foreclose future real estate prospects.

Although the negotiations have not been completed, the use of this strategy on the Plum Creek lands intermingled with the Swan State Forest will prohibit the conversion of the forestland to nonforest uses and maintain public access in that area. Contingent on landowner interest and federal appropriations, Forest Legacy easements are likely to expand in the Valley to

Lend a stabilizing effect on one of Montana's most productive forested valleys, assure more consistent management, greatly reduce the threat of inappropriate development in high-risk wildfire environment, protect the local timber industry and economy, while insuring public access (SEC, 2004a).

**Swan Valley Community Forest (SVCF):** The sale of Plum Creek lands has led to creative thinking regarding alternative land ownership. In response to the challenge of divestment, community members, stakeholders, and interested citizens, through the coordination of SEC, have been working towards purchasing some of the divested lands that fall within two-miles of either side of State Highway 83 for the purpose of creating a community forest—an area that would somehow be owned and managed by a community entity. The parcels being selected for the community forest are Plum Creek HBU lands that hold important timber, recreation, and wildlife values. Management goals and objectives will be based on the collective efforts of local residents. A Trends and Issues survey, initiated by SEC, recently sent to full-time and

seasonal residents in the Swan Valley showed a high level of agreement that Plum Creek lands should be managed by a Swan Valley community based organization (SEC, 2004a).

Although no land has been purchased to date for the community forest, there has been a tremendous amount of strategizing, community outreach, and planning around the concept. There is still much work to be done and many questions still to be answered. The vision of a community forest however is an innovative approach that could lead to a new way of thinking about land conservation and local community involvement. In the Swan Valley where controversies have ignited over both federal and industrial forest management practices, some in the community feel that this strategy offers a new way of breaching the contemporary approaches to land management into a new paradigm in land stewardship.

**Limited Development:** Although not a strategy utilized to date, limited residential development may serve to aid in accomplishing the goals of this project. Limited development on purchased PCTC lands could provide local residents with the opportunity to strategically decide where development is or is not appropriate with regard to community values. Indeed, balancing development with protection of natural resources was ranked high among full-time and seasonal residents in the Trends and Issues Survey (2003).

### ***Community Outreach and Involvement***

The community involvement on this project has been extensive. A Trust for Public Lands (TPL) representative comments on his work in the Swan:

The major role of the community has been their participation in development of the conservation strategy. So that means that their number one role is to be aware of the ecological, economic, and recreational issues in the community. This knowledge is then coupled with that of the resource agencies to craft a strategy that they support and they see as furthering community interests. The community has helped to organize and broaden that interest (Rassmusen, 2004).

Community outreach, largely carried out by SEC, has played a pivotal role in this project. Indeed, it has been the community, through SEC, that has initiated many of the above strategies, formed and organized a Community Committee, hired a community coordinator for this project, leads the Coordinating Committee's quarterly meetings, and has been working diligently to garner a broad base of community input on this project. From monthly meetings, to organized community celebrations, to small neighborhood gatherings held in people's homes, there has been extensive outreach initiated to disseminate information on the status of these efforts and to garner the opinion and insight of diverse members of Swan Valley residents.

Despite these efforts, there is still much work to be done to get more people involved in the decisions made about the future of PCTC lands. There are still many people in the Upper Swan community who will not come to a meeting to voice their concerns publicly. Moreover, the Upper Swan Valley community has taken the lead on this project with little input, to date, from Swan Lake residents just 30 miles to the north. If a comprehensive solution is to be found that impacts the larger watershed, then more outreach to Swan Lake residents will be needed to ensure an open and truly inclusive process. As these efforts persist, and as developments and deals unfold, more efforts will be made to reach out to all of the residents of the Swan Valley watershed and interested stakeholders in order to keep the process open and transparent. As longtime resident, logger, and member of the Swan Lands Community Committee Max Greenough proclaims "a lot more people in the Swan need to get involved with the issues that affect us" (SEC, 2004a).

### ***Funding***

As mentioned above, LWCF and Forest Legacy monies are currently the two major federal funding sources that have been leveraged to protect this threatened

landbase from conversion to non-forest uses. The Swan partnership, including state and federal agencies, the conservation organizations (most notably TPL) and SEC have also been working to bring in multiple funding resources that are fitting for the Swan situation and then weighing their criteria to specific parcels of land. Habitat Conservation Funds and Federal highway funding are both being evaluated for their appropriateness for specific parcels.

Federal dollars are both limited in scope and scarce in quantity, and therefore, it is important to look into other creative funding sources for these projects, particularly when dealing with land prices as high as the Swan's. Monies entering the Swan quickly dissipate due to the exceedingly high land prices in the Valley, making project goals harder to achieve. SEC, through the efforts of the Lands Coordinator and concerned residents, has been researching other creative funding sources to help finance their efforts in the hope of bringing a larger conservation outcome to the Swan Valley.

### ***Outcome***

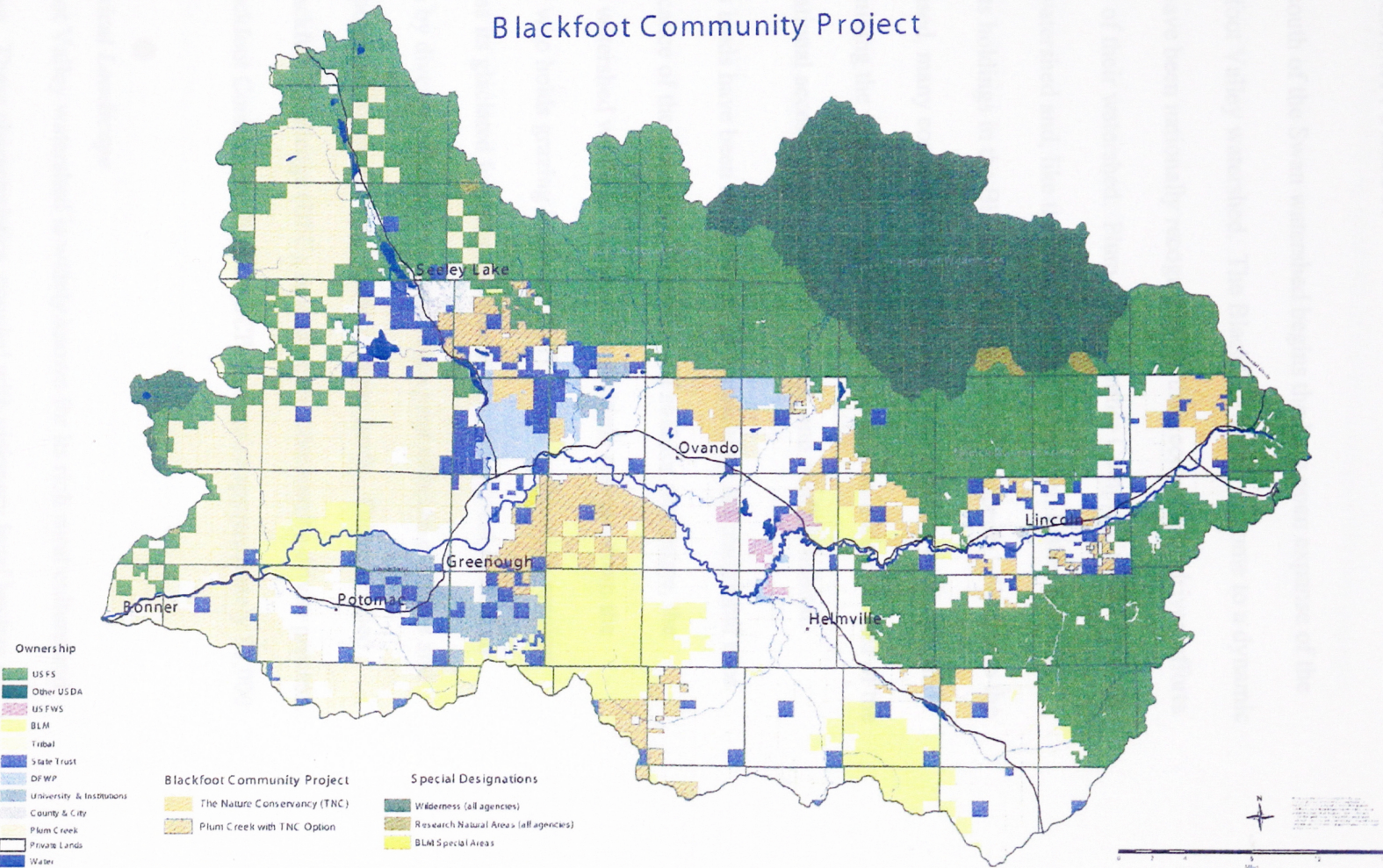
The overall outcome of this project is yet to be determined. The various conservation strategies being used and devised to address the divestment of Plum Creek lands and prevent their conversion to non-forest uses have been both successful on certain levels but also frustrating on others. The successes include the purchase of approximately 5,300 acres of Plum Creek Land by the Forest Service through the Land and Water Conservation Fund and the approval of Forest Legacy dollars to purchase working forest conservation easements on some of PCTC lands. Unfortunately, a comprehensive solution cannot be developed when Plum Creek is only offering a few sections for sale each year. Finding strategies that will appease corporate needs but also reach the ecological, social, and economic concerns of the other stakeholders in the Valley is a daunting task. At the onset of its announced plan to sell lands in the Valley a

representative of PCTC proclaimed that “we want to balance concerns for community values, such as public access and open space, with the economics and the company’s responsibilities to its shareholders” (Strommes, 1997). Although the company has been working with the community and other partners to achieve this balance, it is a balance that continues to tilt to the corporate side. The nearly 6,600 acres of PCTC land purchased to date for the Flathead National Forest should not be undervalued. However, Plum Creek still owns a large percentage of land in the Valley whose future is uncertain. With the incredible activism and enthusiasm by members of this community to take a lead role in developing strategies, coupled with the many willing and talented partners on this project, hope remains for a comprehensive conservation solution that will retain the rural and ecological characters innate to this area.

<b>Location/Landscape</b>	Plum Creek owns 80,000 acres in the Swan Valley, 20,000 of which will be sold in the next 5-7 years. Plum Creek owns 77% of the private land in the Valley, which is checkerboarded with state and federal lands. This land holds some of the highest real estate, conservation, and timber value in the state.
<b>Threat</b>	Subdivision and development pressure on lands that have supported rural livelihoods and local economies, have provided recreational access, and sustain a diversity of wildlife species.
<b>Goal/Purpose</b>	To prevent the conversion of these lands to nonforest uses through a combination of strategies that protect working private forestland, enhance wildlife habitat, maintain recreational opportunities and represent community values.
<b>Partners/Involvement</b>	Swan Valley residents, environmental organizations, land trusts (Montana Land Reliance, Trust for Public Lands, and The Nature Conservancy), county governments, Plum Creek, and State and Federal agencies (United States Forest Service (USFS), U.S. Fish and Wildlife Service (USFWS), Montana Fish Wildlife and Parks (MFW&P), Department of Natural Resource and Conservation (DNRC), and the Swan River State Forest.
<b>Community Involvement</b>	The Upper Swan Valley Community has been actively involved through the Swan citizens' Ad Hoc Committee and the non-profit Swan Ecosystem Center (SEC). SEC has hired a project coordinator to ensure community values are incorporated into all the decisions made regarding PCTC lands. A special committee of concerned citizens meets monthly to ensure that decision makers hear and understand community goals regarding Plum Creek divestment
<b>How/Strategy(s) Used</b>	An ongoing multi-tiered strategy is being used. They include: 1.) Federal land acquisitions through the LWCF Program; 2.) Forest Legacy Program funding to purchase working forest easements; 3.) Fee acquisition to purchase land for a community forest; and 4.) Evolving strategies to ensure that a comprehensive conservation solution for this Valley is found.
<b>Why these strategies?</b>	Primarily due to the landowners desires and conservation and community goals. With some of the highest real estate and timber value in the state, PCTC is not willing, at this time, to engage in an 80,000 acre comprehensive solution. As such, a multi-tiered, evolutionary conservation strategy process has ensued in this Valley. PCTC has been working with the partnership to prioritize lands to be sold for conservation and community outcomes.
<b>When/Timeframe</b>	In 1997 PCTC first announced their plans to sell HBU land in the Swan Valley. This project continues today (2004) as more PCTC land is sold for real estate and conservation outcomes.
<b>Funding Sources</b>	The Land and Water Conservation Fund has been the primary funding source in the Valley. Forest Legacy Program funding has been secured to purchase working forest conservation easements. A diversification of other state, federal, and private funds will be utilized as this project progresses and more PCTC land is sold..



**Figure 9: Blackfoot Community Project**



## **THE BLACKFOOT COMMUNITY PROJECT**

### ***Overview***

Just 30 miles south of the Swan watershed begins the long open expanse of the 1.5 million acre Blackfoot Valley watershed. The Blackfoot Valley is home to a dynamic group of people who have been nationally recognized for their community-driven efforts to protect the integrity of their watershed. Plum Creek Timber Company's land holdings span throughout this watershed and, like the Swan and the Thompson Fisher projects, PCTC has evaluated its holdings in the Blackfoot for real estate prospects. Similar to the other two areas discussed, many concerned residents have come together to discuss and take the lead in determining the various strategies that would maintain historic uses of the land including: recreational access, grazing, timber harvest, and wildlife habitat.

Plum Creek's lands have been instrumental in maintaining the traditional uses and biological significance of the Blackfoot watershed. If sold for real estate, the characteristics of this watershed would be impacted on multiple scales—from the individual landowner who holds grazing leases on PCTC lands, to the wide-ranging grizzly bear that roams its glaciated foothills and grasslands. This threat ignited an upwelling of concern by diverse stakeholders, unfurling a joint effort to conserve and prevent the sale and potential wholesale conversion of these lands. The watershed collaborative, the Blackfoot Challenge (BFC), is leading the community-driven process, referred to as the Blackfoot Community Project (BCP) to acquire approximately 88,000 acres from PCTC.

### ***The Social and Physical Landscape***

The Blackfoot Valley watershed is widely known for its rich rural culture and biological significance. These characteristics, coupled with visionary local leaders and a long history in collaborative conservation initiatives, has played a pivotal role in determining the efforts that have unfolded to address the sale of Plum Creek's lands.

**The Lay of the Land:** The striking qualities of the open rangelands and majestic mountain ridges that span the Blackfoot watershed cannot be overstated. Tucked between the picturesque mountain ranges of the Continental Divide, the Bob Marshall/Scapegoat Wilderness Area, and Garnet Mountains, the Blackfoot River Valley harbors a unique array of flora and fauna. Moreover, it is home to a dynamic group of people who over 40 years ago initiated what is now a growing partnership to maintain the characteristics that make this landscape a treasure to the State of Montana and to the greater nation.

This watershed encompasses approximately 1.5 million acres, with a mix of both public and private ownership. The watershed consists of 49% Federal ownership, 5% State of Montana lands, 24% small private landownership, with the remaining 20% in the hands of Plum Creek Timber Company<sup>23</sup> (See Figure 9 on page 77). In general, the forested and mountainous regions of the watershed comprise public and Plum Creek ownership, while the carpeted foothills and valley floor are primarily in non-industrial private ownership. The checkerboard ownership pattern characteristic of the Swan Valley is not as visible on this landscape. Nonetheless, the impacts of multiple ownership boundaries (some visible in alternating square miles resulting from the federal land grants) has impacted the ability to coordinate land management decisions in this region. In contrast to the Swan and Thompson Fisher, the PCTC lands in the Blackfoot offer less productive timberland and are farther from Plum Creek's manufacturing facilities. And although there is considerable HBU value on PCTC lands in the Blackfoot, they are lower than that of the Swan. These differences have played a significant role in why the negotiations with Plum Creek have unfolded differently in the Blackfoot.

---

<sup>23</sup> PCTC's land ownership in the watershed will decrease as The Nature Conservancy successfully acquires 88,000 acres of Plum Creek lands.



This glacially formed landscape holds a rich and diverse mix of habitat types including: forests, grasslands, wetlands, streams, glacial lakes and ponds, fens, scrub/shrub riparian areas. Over 70% of the watershed is forested (BFC, 2001). This diversity of habitats makes the Blackfoot watershed a biological stronghold for a diversity of native species including the gray wolf, Canadian lynx, grizzly bear, bull trout, cutthroat trout, and many other forest carnivores. The watershed sustains the third largest elk herd in North America (BFC, 2001). In addition, 200 species of migratory birds and 600 species of vascular plants (with nearly 30% in glaciated wetlands) depend on this region for sustained viability (PFW, 2001).

**The People and Economy:** Unlike the Thompson Fisher where there was no central community and the Swan Valley that is home to just two communities, the Blackfoot watershed is home to 7 separate towns (five of which are geographically represented in the project area), hosting approximately 2,500 households with seven public schools. The project area spans three separate counties—Lewis and Clark, Powell, and Missoula (BFC, 2001). Each of the communities in the Blackfoot watershed is unique and different. As a result, one of the key issues for this project is “evaluating how rural lifestyles is being defined in each of the communities and communicated in terms of decisions made pertaining to future ownership and management” (Duvall-Jonkel, 2004). As such, the Blackfoot Community Project has been cognizant and diligent about recognizing the diversity and complexities that entail a project of this size and that may elicit different responses and reactions in each of these places.

First Native Americans and later Euro-Americans have depended upon the abundant natural resource base in the Blackfoot Valley. Mining and timber have historically been an important part of the economy; however, today mining is fading, with just a few small claims in existence. Logging was a larger part of the economy in

days past, especially when it was being used to subsidize the building of the Transcontinental Railroad. Today it still occurs to a lesser degree on both private and public lands (McDonald, 2003). The dominant land use in the Valley today is ranching, followed by timber harvesting (BFC, 2001). The Blackfoot Watershed supports many large ranches whose existence has helped to protect open space by preventing land fragmentation through subdivision. Furthermore, the Blackfoot Challenge has worked with many ranchers to protect open space and biological values through diverse stewardship activities. A growing land use in the valley is recreation; indeed, many visitors come to this region of Montana to enjoy its abundant waterways, plentiful hunting opportunities, and its adjacency and gateway into the Bob Marshall and Scapegoat Wilderness areas. The valley hosts many hunters, anglers, dog sledders, snowmobilers and other recreationists year round. Plum Creek lands have been extremely important in providing access for all of these activities.

### ***History of Collaborative Efforts***

Similar to the Swan, the Blackfoot has a long history of collaborative conservation efforts. The decade old watershed collaborative, the Blackfoot Challenge, grew out of the coordinated efforts by local landowners to protect the integrity of the watershed. The organization works to bring landowners, agency personnel, and conservation organizations together to protect natural resources and rural characteristics (Duvall-Jonkel, 2004). The mission statement of the Blackfoot Challenge is to:

Coordinate efforts that will enhance, conserve and protect the natural resources and rural lifestyle of Montana's Blackfoot River Valley for present and future generations. We support environmentally responsible resource stewardship through the cooperation of public and private interests. The Board shares a common vision of how the Challenge operates in the Blackfoot watershed and believes that we can achieve success by building trust, partnerships, and working together (BFC, 2001).

The Blackfoot Challenge has adopted a non-advocacy based approach to watershed protection. Members of the Blackfoot Challenge include various businesses, residents, county, state and federal agencies residing and/or operating within the Blackfoot Valley and local and regional environmental groups and land trust organizations. The Blackfoot Challenge is structured with many different committees whose overriding theme is ‘Communication, Coordination, Cooperation’.

The Blackfoot Challenge acts as a clearinghouse for information on such topics as noxious weed management, sustainable forestry and grazing practices, cooperative resource management, fishery and wildlife habitat restoration, and water rights, among others. It is one of the largest and most successful watershed programs in the state of Montana, building its accomplishments on an honest exchange of ideas and projects that have made a difference (BFC, 2004b)

This history has played a key role in the current endeavor to protect the values found in PCTC lands and in the strategies being employed to prevent the loss of these lands to uncontrolled development.

### ***Changing Land Ownership: History of the Blackfoot Community Project***

In the mid-1990’s when PCTC began their sales program, they identified HBU lands in the Blackfoot Valley, much of which was along riverfront acreages. The sales that have already occurred in the watershed, coupled with the timber company’s national trends in real estate ventures, ignited interest and concern that more lands would be sold in the Blackfoot watershed (Stone, et al. 2004). Although concerned residents, conservation groups, and state and federal agencies acknowledged that as a REIT Plum Creek cannot afford to hold onto land that does not serve its shareholders (Stone et al., 2004), it was also determined that there was too much at stake economically, ecologically, and socially to let these lands be sold without any resident input or conservation planning.

The development of a watershed map in 2001 by the Blackfoot Challenge identified PCTC lands as the ‘missing link’ between the protected public lands in the

higher elevations and the Valley floor where considerable conservation efforts have already been accomplished (Neudecker, 2004; Duvall-Jonkel, 2004). With PCTC's real estate prospects imminent this land became a target of concern. As stated by the Blackfoot Challenge, "an important consideration in the Blackfoot's diversity and rural character is that large landholdings in the watershed remain intact. Fragmentation of private lands by subdivision and development is a threat to wildlife habitat and the traditional agriculture and rural lifestyle of the watershed" (BFC, 2004a)

The BFC feared that losing the PCTC lands in this middle ground to development would sever access into many areas, reduce economic benefits, remove traditional grazing leases, and forever change the rural character of the Valley. At a public meeting held in February 2004 in one of the Valley's towns, many attendees agreed that it was important to keep on doing "everything we have traditionally done on these lands". Someone asked, "Do we want to see trespassing signs go up? Loss of access?" (BCP, 2004) The message from many participants in the meetings held to discuss PCTC divestment was that they wanted to continue to have public access to maintain long-established activities such as hunting, dog sledding, and snowmobiling. In addition they wanted to see existing grazing leases maintained or even expanded as well as a sustained timber program initiated (Goetz, 2004).

The Conservation Strategies Committee of the Blackfoot Challenge--formed to coordinate with private and public partners on resource management, protection and stewardship efforts-- has undertaken the challenging task of addressing the sale of PCTC lands through the Blackfoot Community Project (BCP). This BCP is a community-based effort to provide protection of divested lands through the prevention of subdivision and further fragmentation. Although the BCP has been an important project undertaken by the Challenge to protect natural resources and rural livelihoods in the watershed, it is

important to note that if the communities were not behind this project the Challenge would not have taken it on (Stone, 2004).

The Conservation Strategies Committee first began by talking to PCTC about securing a conservation easement on 100,000 acres of Plum Creek land. Simultaneously, the partnership was working to purchase some of PCTC's land in biologically sensitive areas. These initial conversations and diverse strategies eventually resulted in an offer by Plum Creek to sell 100,000 acres of their holdings in the watershed. Land to be sold was later reduced to 88,000 acres due to PCTC's interests. The Blackfoot Challenge and The Nature Conservancy (a member of the Challenge) moved forward on this project.

### ***Project Goals and Objectives***

Due to the different missions of each of the partners involved with the Blackfoot Community Project (BCP), each may have different perspectives regarding the purpose of this effort. However, all of the diverse partners have come together under a consensus-based process to make the project succeed with the resounding theme that it must maintain a community focus. The goal of the BCP is to preserve the natural resources, diversity and rural character of the Blackfoot, preventing further fragmentation and development (Duvall-Jonkel, 2004). A local newspaper reporter comments that, "So far the message has been clear: Maintain the public's access to the backcountry. Preserve the upper Blackfoot's large, working ranches. Preserve logging as a traditional way of life. Keep intact the habitat wildlife depends upon as a corridor into the backcountry" (Devlin, 2004). In this article, Jim Stone, chair of the Blackfoot Challenge and long time rancher remarks,

I don't think many people know how much of the land they use is actually Plum Creek land.... Maintaining access to these lands is pivotal to the local economy. Purchase of the land, Stone said, is the only way Blackfoot Valley residents know to preserve their valley's heritage (Devlin, 2004).



### ***Partnership***

A common theme resounding in the preliminary success of this project has been the intact partnership that already exists through the Blackfoot Challenge (Byrd, 2004, Neudecker, 2004, Stone, 2004, Duvall-Jonkel, 2004). The partnership has truly helped to drive the early successes of this project. This trust and credibility that was already established amongst the various organizations and landowners helped to move the project along. Jim Stone (2004) comments that it is hard to even separate the two. Furthermore, he says that community involvement must be tied to any decision made regarding the watershed's resources.

The community needs a good plan of their own, and we need the agencies and partners here propping us up. If the local community were not involved we would never have been a partnership. The great thing is that we are not building a whole new mechanism. The partnership already exists [in The Blackfoot Challenge](Stone, 2004).

Although many organizations and agencies continue to be involved with the various stages of the BCP, a more formal arrangement for divested lands originated with an agreement between The Nature Conservancy (TNC) and BFC. TNC became the banker and the negotiator with PCTC, “but only with the concurrence and agreement of the Blackfoot Challenge. If there was something discussed that we had not approved of, they would stop things and then come back to us and make sure we were comfortable” (Neudecker, 2004). This long established partnership was a unique feature of this particular project. The fact that TNC has been a long-term member and participant of the BFC prior to this deal greatly facilitated the process. Hank Goetz, Lands Director for the Challenge adds,

TNC and the Blackfoot Challenge were partners from the start due to their preexisting relationship. TNC has been an integral part of the Challenge from the beginning, which facilitated the whole process due to *the trust, and confidence* that already existed (Goetz, 2004).

Jim Stone (2004) adds, “The biggest thing we had going for us was trust with TNC—if for one second the trust wavered the project might have failed. That trust in TNC kept the project going and kept it alive”(Stone, 2004). “TNC spoke on behalf of the community. They would never broker a deal without full support from the Challenge. We were really happy with TNC, they do everything they say they will do. They did not usurp the process or take over” (Goetz, 2004).

The formal partnership for the BCP between TNC and the BFC was solidified through a Memorandum of Understanding. “The MOU essentially helped to define the boundaries and roles of each of the partners” (Goetz, 2004). TNC would take the lead financially and the BFC would take a lead on community support. The MOU formed a comfort level from both positions so that both parties were on the same page associated with long-term disposition and management of the Plum Creek lands.

### ***Conservation Strategies***

**Land acquisition:** Land acquisition became the main strategy in the effort to protect much of the Plum Creek lands in the watershed from being converted to non-forest uses. “Purchasing of the land, residents said is the only way they know to preserve the upper Blackfoot’s heritage of ranching, forestry, public access, and wildlife habitat” (Devlin, 2004). The agreement between the PCTC and TNC was signed on October 9, 2003 for a total of 88,093 acres in the Blackfoot Watershed (Duvall-Jonkel, 2004). TNC will hopefully purchase all of these lands from Plum Creek but they do not plan to retain ownership. They will resell parcels to both public and private parties to honor community preferences and values. The project has unfolded in two stages. The first stage, which involved fee simple purchase on 42,926 acres, was completed in 2004. The second phase includes 45,165 acres that are now under option by TNC. Sales are contingent on the success of the first phase of the project.

The 88,000 acres will be disposed of through a community-driven process and guided by the principles of the Blackfoot Challenge. After many public meetings were organized to understand community goals the following goals and themes emerged as important when disposing of these lands: 1.) maintain/expand grazing leases; 2.) establish and encourage a program of sustainable forestry and timber production on those lands suitable for producing wood fiber to local area mills; 3.) ensure continued public access and recreational use of those lands that have been historically open to the public; 4.) to ensure permanent protection for any unique and irreplaceable natural attributes (BFC, 2003). As a result of these goals, a large amount of the land will fall into the hands of public entities (Bureau of Land Management, Forest Service, MFW&P and DNRC),<sup>24</sup> and preference will be given to adjacent private landowners.

**Sale to Adjacent Private Landowners and Conservation Easements:** Sale to adjacent private landowners is one of the disposition preferences for the PCTC lands. It offers a means of consolidating ownership, thus increasing the management effectiveness and efficiency of management activities. This strategy is working to increase the acreage of existing landowners, a means to maintain rural lifestyles.

To ensure that the lands sold to private buyers will be protected from subdivision and other development pressures, conservation easements will be an important and widely utilized tool. The easements will not preclude agriculture, ranching, or forest management activities. These easements will *not* be allocated on “a one size fits all” basis, but instead will be created on a case-by-case basis consistent with both landowner and expressed community values. In addition to their usefulness in conservation goals, “a conservation easement on the property will reduce the purchase price by 30 to 40

---

<sup>24</sup> As a result of the potential loss of county taxes (where the federal payment-in-lieu of taxes (PILT) program would not make up the difference) the project is working to raise the necessary funds to compensate the counties for lost tax revenue (Vanderheiden, 2004a; Byrd, 2004).

percent – an obvious advantage for many potential buyers” (BFC, 2004b). TNC and the BFC are working to raise the necessary capital to purchase easements on existing private lands –with owner approval—“so that landowners can get cash in hand to purchase some of the Plum Creek lands that they are interested in. This leverages the conservation that we are accomplishing in the valley” (Byrd, 2004).

**Community Forest:** Similar to the Swan project, the BCP is using this as an opportunity to think outside of the box regarding land ownership. Indeed, a 5,600-acre community conservation area has been purchased near Ovando Mountain, an area that will eventually be community owned and managed. Currently this area is being held by TNC until local residents determine the structure of ownership and management that will guide this acreage. Similar to the Swan there are still many questions to be answered regarding long term ownership and management, governance, and coordinated management efforts with adjacent public and private landowners. Efforts are currently underway to determine the community goals for this area and to explore local opinions and national examples regarding communal land ownership. Once again, this divestment of industrial timberland offers communities the opportunity to rethink the traditional land tenure system in this country.

**Limited Development:** Because the BCP is community driven, each community was given the opportunity to articulate the values embedded in PCTC lands that were important to them. Some communities in the Blackfoot were interested in the potential for some of these lands to provide for needed growth and development (Vanderheiden, 2004b). “Limited development is a tool; this project is not anti-growth” (Anonymous, 2004). There may be some housing developments on lands close to towns, where development already exists, where conservation

value is low, and where communities have voiced their approval<sup>25</sup>, but they will be community driven and collaboratively approved.

### ***Community Outreach***

A strategy stressed throughout this case study and one that went hand in hand with the land acquisition was “to use the strength of the existing watershed group to convince TNC that if they put up this amount of money they would get all the help and support from the local community through the Blackfoot Challenge” (Goetz, 2004). The strength and willingness of the Challenge to take on the community outreach part of this endeavor was a key strategy in and of itself.

Community outreach has been a cornerstone of this project. The BCP created seven work groups in total that manage specific focus areas of the project. These working groups include a disposition, local leader, and public relations groups, which have been working to maintain an open and transparent process. The process involved holding numerous meetings in five separate communities to garner input that would determine whether or not the project should proceed, and if so, how. In addition to meetings, the project is utilizing the existing strength and initiative of numerous landowners in the Blackfoot Valley to talk to people in informal settings. Indeed, it has been strong community leaders in each of the project’s areas that have been working to solicit input and disseminate information regarding this effort. Project initiators were able to find community leaders in each area to lead the process and to be the spokesperson for the project in their respective communities. This process has also included an informational website, posters and bulletins around town centers, and use of media to keep the larger public informed. The project participants interviewed for this research all indicated that public outreach has been a vital part of the processes. From all

---

<sup>25</sup> The town of Lincoln is designating a 200 plus acre area of former PCTC land for residential development.

indications, the Challenge has taken great initiative and innovation in maintaining an open process and garnering diverse viewpoints for this project. Despite these extensive efforts to be inclusive and transparent with the land acquisition process, project initiators are striving to be more inclusive “especially given the diversity of the watershed and the future implications of shifting land ownership and management patterns. Equity and legitimacy will be important overarching themes as the partnership begins the process of redistributing the acquired land” (Duvall-Jonkel, 2004).

### ***Funding***

Like many conservation efforts of this magnitude (total cost of \$68 million), the funding for this project will come from a multitude of sources including state and federal programs (LWCF, Forest Legacy, Duck Stamps, NAWCA, etc...) as well as philanthropic donations and sales to private landowners. While these funds are being solicited, The Nature Conservancy (TNC) is fronting the monetary burden for this large-scale land acquisition. This was a bold and courageous endeavor on their part (Sorensen, 2004), since TNC will pay interest on the money they borrow each day until they are successfully able to sell the land to private and public entities. TNC’s willingness to take the bulk of the financial burden made it a good deal for PCTC and was one of the main attractions of this deal for the timber company.

In addition to the existing federal and state funding programs, creative funding sources will be essential due to the high level of risk involved in this complex project. Over and above the initial \$68 million cost of the land acquisition has been the development of a joint fundraising campaign to: “1) set aside money to pay the counties for any differences in taxes that may result from the project, 2) purchase conservation easements from interested private parties, 3) offset project operational expenses, and 4)

purchase for the Valley the Blackfoot Community Conservation Area, a 5,600 acre tract at the foot of Ovando Mountain” (BFC, 2004b).

Despite the daunting cost and the long haul ahead in securing the necessary funds, the willingness of TNC to buy the land from Plum Creek prior to securing all the necessary funding sources was a main factor why Plum Creek engaged in this deal. As noted by a Plum Creek representative, “the deal was attractive because TNC would buy all the land – they said, “we’ll deal with this.” TNC took all the risk and we didn’t have to sit and wait for the federal dollars to come in. That was very attractive to us” (Sorensen, 2004). Subsequently, TNC also was able to secure a discount from Plum Creek on the land price due to the large scope of the project. This is in dire contrast to the higher priced piecemeal work that is currently occurring in the Swan situation.

### ***Outcome***

Although there is still great complexity and risk involved, the preliminary successes of this project should not be overlooked. If all the land is acquired by TNC then a large percentage of Plum Creek’s mid-elevation timberland will be out of corporate hands.<sup>26</sup> Plum Creek lands have been critical in maintaining the social and ecological values of the landscape, and the efforts currently underway are lending a hand in preserving these values. “The Blackfoot Community Project is reinforcing and building on public values. This is reflected in the lands that will be transferred from private to public ownership, and never again threatened by subdivision. The long-term stewardship investment, by purchasing private timberlands, will benefit generations to come” (Duvall-Jonkel, 2004). Moreover, the collaborative nature of this project is an exemplary model for other communities.

---

<sup>26</sup> It should be noted that Plum Creek will still own 194,000 acres in the Blackfoot Valley after the 88,000 acres has been bought—a considerable percentage.

The large scale associated with this project does bring up questions regarding inclusivity and impacts to other projects. As indicated by a project participant, “Other communities that are surrounded by the Plum Creek lands being acquired will be impacted by the Project [i.e. Swan Valley]. Although economically not feasible to acquire or even possible due to the seller’s interests, these areas will still be impacted by the project, most directly in limiting funding opportunities and project feasibility”(Duvall-Jonkel, 2004). Furthermore, due to the diversity and uniqueness within and amongst the landowners in this large-scale project, project organizers continuously work to make the project even more inclusive and transparent.

The following editorial comment came from a local newspaper and helps to summarize this effort,

The goal is ambitious and the work ahead will be long and difficult. Agreeing on the best practices for each parcel, finding the right buyers at the right price, and facing the inevitable compromises won’t be easy. But it is a grand achievement already, a role model of cooperation that should be copied throughout the West wherever people strive to preserve the land, its wildlife, and their local values (NA, 2003)

This project has been characterized as extremely innovative in designing large-scale conservation based on local priorities (Neudecker, 2004b). Despite the hard work ahead, the process and strategies being used by the BCP to protect the traditional uses of IPF lands in the Blackfoot Valley offers another model upon which to draw lessons and ideas.

The following chapter will provide deeper insight into the lessons that can be gleaned from these three situations while embedding these regional lessons into the national scope and experiences related to this issue. The differences and similarities between these three cases will be used to reinforce the ‘lessons learned’ that may benefit other communities who will be forced to face this issue.



<b>Responses of the Blackfoot Community Project</b>	
<b>Location/Landscape</b>	Plum Creek owns 20% of the land in the 1.5 million acre Blackfoot watershed. Approximately 89,000 acres of that land has either been purchased by TNC or has an option agreement on it.
<b>Threat</b>	Subdivision and development pressure on lands that have supported rural livelihoods and local economies, have provided recreational access, and sustain a diversity of wildlife species.
<b>Opportunity/Goal</b>	To provide protection of divested lands through the prevention of subdivision and further fragmentation. More specifically to maintain the rural livelihoods and character of the Blackfoot Valley.
<b>Partners/Involvement</b>	The watershed collaborative, the Blackfoot Challenge (BFC), which has been the group spearheading the Blackfoot Community Project includes the involvement of numerous private landowners, state and federal agencies, conservation organizations, and private businesses. An agreement between The Nature Conservancy and BFC, formalized through an MOU, was established specifically for this project with PCTC.
<b>Community Involvement</b>	The Blackfoot Watershed hosts 7 separate communities in the 1.5 million acre watershed. The Blackfoot Challenge has taken the lead on gathering community input for this project. This group, through the formation of numerous working groups, has worked to engage all of the landowners in the watershed and to ensure that community' values shape the project's outcome. Local leaders within each community have been pivotal in community outreach for this project.
<b>How/Strategy(s) Used</b>	1.) The main strategy for this project has been land acquisition. TNC has already purchased or has an option agreement on 88,000 acres of Plum Creek land. This land will be disposed of through a community-driven process led by the BFC. 2.) Conservation easements will be a widely utilized tool on disposed lands. 3.) Approximately 5,600 acres of PCTC land have been purchased for the purpose of creating a community conservation area.
<b>Why this Strategy?</b>	This strategy allowed critical PCTC land to be purchased in one negotiated agreement thus helping to ensure a larger watershed solution for these lands. Although conservation easements will be a utilized tool, purchasing the land in full fee first has afforded project partners and local residents a pivotal role in developing a disposition plan for these former IPF lands.
<b>When/Timeframe</b>	In 2002 initial talks began between the Blackfoot Challenge and PCTC. In October of 2003 the agreement between TNC and PCTC for acquisition of 88,093 acres was signed. The first phase, which included 42,927 acres, was completed in September 2004. Phase II on 45,166 acres will begin in 2005.
<b>Funding Sources</b>	The Nature Conservancy is fronting the monetary burden for this large-scale land acquisition. As the land is disposed of a combination of federal (LWCF, Forest Legacy, NAWCA), state, philanthropic, and landowner private dollars will be used to purchase the land from TNC.

## CHAPTER 5: “A GRASSROOTS TOOLBOX”

The goal of this chapter is to synthesize the emerging ‘lessons learned’ from the three situations described in chapter 4 into a comprehensive ‘toolbox’ that will be useful for rural leaders and communities seeking to determine the future of adjacent corporate timberlands.

The preceding case studies illustrate that these are *complex challenges for which there are no easy or formulaic fixes*. Each situation will require a consideration of particulars related to its context. “Circumstances are different in each case due to partners, funders, landowner cooperation, differences in ecosystems, and market conditions. That is important to understand”(Rasmussen, 2004). However, there are tools and strategies that are currently being used which can be relevant to efforts elsewhere.

A consideration of these is offered here to inform how threats related to forestland conversion may be turned into conservation and community opportunities. Although the Thompson Fisher, Swan, and Blackfoot situations previously described have some uniqueness in their reactions to the threat of private forestland conversion in their areas, the situation that ignited their efforts is not unique. As stated in the first chapter, many communities from all regions in our country will be facing this issue as more timber

1. *PCTC lands have been extremely important in maintaining social, economic, and ecological values in each place.*
2. *Protecting rural livelihoods and public access have been central themes.*
3. *Sale of these lands could threaten rural livelihoods and forest access.*
4. *Rural residents have played leading roles in determining the future of PCTC lands.*
5. *Diverse partnerships have brought additional leadership and innovation to the projects.*
6. *PCTC is an engaged partner in each place.*
7. *Community outreach and meaningful involvement are essential in maintaining trust, credibility, and transparency—a resounding theme in each place.*
8. *Each project is as equally complex as it is innovative. Through determination and vision these complex projects are helping to maintain the public values provided by Montana’s private forestlands.*

companies restructure their assets through strategic divestitures. An analysis of these situations is provided to expand the dialogue and literature on the topic of divestiture.

In addition to understanding why strategies will be different in each place, the description of and deeper insight into these three places has helped to bring out some common themes that other communities may benefit from. Alan Wood, Wildlife Mitigation Coordinator for Montana Fish Wildlife and Parks commented that “every community and every place will dictate a different strategy; however, there are *common attributes* that each community needs to think about and consider” (Wood 2004). This chapter will reinforce this statement by drawing on the lessons that can be learned from these three situations in Western Montana. The purpose is to expand the dialogue on this nationally significant issue. The proceeding lessons come from my analysis across the three cases, and from the observations and analysis provided by the people I interviewed directly involved in this issue. Interviews with participants in the three Montanan communities, coupled with interviews conducted with practitioners working on this issue nationwide, provide additional material for the ‘toolbox’ that will be presented in this chapter. The chapter will begin to answer the central question of my research, which is what do communities need to know if they hope to play a lead role in shaping the future of industrial timberlands threatened by real estate development and other market pressures?

### ***LESSONS LEARNED:***

#### **Lesson 1: Define the projects’ goal and ensure that all the partners stay on track.**

Whether the goal is to retain recreational access, maintain a working forest, enhance wildlife habitat, provide affordable housing, or a combination of all, defining a clear goal will help choose the strategies to employ. Defining an explicit goal is essential. Melanie Parker, active community member in the Swan Valley’ effort offers the following advice,

You get so tied up into what strategy you are looking at now, that you lose track of the overall goal. Is this strategy helping or hurting our overall goal? Collectively establish a goal and vision statement and keep checking back, asking “is what we’re doing today helping us reach that vision?” In the Swan we never agreed on a goal—that is a problem. We let others decide what is achievable. When that happens you lose site of what the goal could be. *Do not move forward without an overarching goal that all stakeholders sign onto. The goal should come from the community and partners that will defend it and keep them on board* (Parker, 2004).

Parker (2004) further adds, “we never listed the potential strategies and thought about the pros and cons for various lands until late in the game. We were naive and desperate.”

Developing a collective goal and then listing the various strategies to determine whether they speak to that goal was a common theme drawn across the cases.

Groups need to remain aware of the goal throughout the project’s duration. Hank Goetz, Lands Coordinator for the Blackfoot Community Project states,

The key is to keep your eye on the ball – keep your eye on the shared objective—and do not be disturbed by the inevitable squabbles and quibbles that will go on. I think you have to agree to disagree on some things. What we’re here to do is this deal.... and that other stuff will go on but we’re not going to fight about it as part of the agenda (Goetz, 2004).

Goetz’s advice reminds communities and partnerships that although it is easy to get caught up in controversial issues related to the project, it is important to stay focused on the project’s goals and objectives. In a recent community meeting in the Swan Valley on the topic of road closures as related to the sale of Plum Creek lands, one community member reminded the group, “Hey, let’s fight to maintain these lands now, so that we have the opportunity to fight over road access later. If we lose this land to development, we’ll never get that chance!”

**Lesson 2: There are many tools in the proverbial “toolbox”. The key is finding the combination of the right tools and strategies that speak to your overall goal.**

The three preceding cases illustrate that each place utilized different strategies.

The reason for the differences depends on many factors such as: 1. *land prices*; 2. *existing social and economic climates*; 3. *landscape characteristics*; 4. *partnership*

*dynamics; 5. willingness of the 'seller' (timber company); and 6. capability of the 'buyer'.*

This is an important lesson in and of itself. The three cases can offer lessons and models, but no situation is directly transferable. For example, in both the Blackfoot and Swan cases, there were existing collaborative efforts that paved the way for the promotion of innovative strategies such as forming a community conservation area or community forest. In contrast, in the Thompson Fisher case where there was no 'central' community, the sole use of a conservation easement to prevent subdivision of the landbase was a strategy that promoted the stated goal of maintaining the 'status quo' (access) for recreation and in preserving future wildlife values. Land and timber values are also influencing the strategies employed. In the Swan Valley where both timber and real estate values are among the highest in the state, PCTC has not been willing to engage in a large scale deal as is occurring in the Blackfoot Community Project. Hence the group has had to work on sale of smaller parcels.

**Lesson 3: Local community engagement is an essential tool. Local residents should play a central role in developing the strategies and sustaining the process.**

If there was one theme that resounded during the interviews conducted for this research (which included practitioners from Maine to Washington in addition to the people interviewed for the Montana case studies) it was that local communities should be involved in any discussion and/or decision regarding the future of divested lands. As one interviewee said, "You damn well better include the local communities, or risk undermining the project. We are on the cusp of some real opportunities.... and locally driven ones" (Anonymous, 2004). The following quotations demonstrates some peoples' views on the need for and importance of community engagement on these projects:

It absolutely has to be community driven. Conservation in general does not work unless you have community buy in. You need people who live there to agree with and feel like they have a say in what's happening in their landscape... in their home. It's community conservation and it doesn't work when it's a top down mandate. If it's done this way, you end up with a push back in a big way...whether it's from a conservation organization or the government. (Byrd, 2004)

If we're going to do something that makes sense then we need to get the community involved. It all goes back to community values (Stone, 2004).

Public outreach is essential for these projects. People need to feel involved and that they have ownership of decisions made about the lands that surround them (Brooker, 2004)

The community needs to be diligent. And always push your partners to think about the larger project. When a community group forms it is their responsibility to get to know the community and build trust around the project. This is the most important part of the job. Without community support and backing the whole project can fail – either in getting the money or conservation in the future (Mason, 2004).

As indicated in the case studies, community leaders have been playing dynamic roles in engaging the rest of the communities in these projects. Their roles have included: developing goals and strategies, maintaining partnerships, garnering broader support to leverage funding, and staying abreast of new and innovative tactics to further build on the project goals.

**Lesson 4. Community outreach should continue through the duration of the project and occur at multiple scales. Communication at multiple levels is key to projects' success.**

A main lesson emphasized in all three cases is that project organizers must continuously work to keep the process open and transparent within and amongst the diverse interests of the local community and larger “communities of interest.” As Duvall-Jonkel (2004) comments in her work with the Blackfoot Community Project, “the question of who's being left out is absolutely vital to the project's success and future repercussions.” The Blackfoot, Thompson Fisher, and Swan projects all involve people with very diverse interests. The validation and inclusion of their points of view are vital to the future success of these projects. Furthermore, community engagement on these

projects can work to build ‘community capacity’ to engage in this issue and other future concerns. In all three cases, interviewees indicated that the outreach being conducted through land use surveys, neighborhood meetings, and other outreach tools are helping to build relationships that will benefit future endeavors.

Methods that have been working to keep the process open and transparent and build community capacity include:

- Use of the media. Local and regional newspapers have run monthly stories on these projects to keep local residents and the larger public updated. Hire a public relations firm to help disseminate your message to multiple audiences.
- In the Blackfoot Valley, organizers have used poster boards with regular updates on the project, a website with Question and Answer links, and ‘project update’ mailings. Many committees and sub-committees have formed to disseminate information, gather community input, and build trust and credibility between and among the diverse communities and partners.
- In the Swan, monthly meetings are held as part of SEC activities to disseminate information to the public. These meetings are not limited to local residents, but are open to anyone who wants to attend. For people who are not comfortable with community meetings, smaller neighborhood meetings have been held in people’s homes to expand the audience and to garner more input. The intimate nature of these small neighborhood meetings have been extremely helpful in reaching members of the community who may not have been reached otherwise.
- Public opinion surveys in both the Swan and Blackfoot projects have been beneficial in garnering the opinions of a diversity of residents.
- In the Thompson Fisher, project organizers made special presentations at local businesses, clubs, and organizations. In addition a working group was formed as a way to more meaningfully involve the region’s county commissioners.
- The use of local leaders to disseminate information and to gather support has been useful in keeping these processes open to multiple audiences. Have the message spread by community members that have the respect and trust that conservationists or agency folks may not. “You need community leaders and members out there listening to concerns outside of public meetings and bringing that information back. We need to know what people are not comfortable with. Address these concerns if you can on a one to one basis. The community leaders are the eyes and ears” (Nydecker, 2004).

**Lesson 5: Local knowledge can be an empowering tool for nearby residents when it is validated and utilized for these projects.**

One of the most simple, yet most important roles that community leaders and the broader community can play is ‘knowing the landscape’ and articulating this to a larger audience. This was illustrated in each of the proceeding case studies. Bringing local knowledge to the planning process is a vital tool to the success of these projects; it is a tool that only those living in and near these private forestlands have. An example of this is the community initiated Upper Swan Landscape Assessment and Land Use Survey conducted in the Swan Valley. Both documents, initiated by the Swan Ecosystem Center, have greatly aided the efforts to prioritize which parcels to protect, why these parcels are valued, and which conservation strategies are most appropriate. A TPL representative in Montana comments:

One of the major roles of the community is community awareness of the environment in which they live and to be able to articulate that. I think that is something that has evolved in terms of community activism: it is people being able to articulate what they appreciate about where they live, how they make their living, what they are willing to accept in terms of change, what they are willing to do to preserve what they like about their community. I think there is an increased effort in articulating this. This greatly aids our work (Rassmusen, 2004).

David Wilcox, involved in the formation of the Randolph Community Forest in New Hampshire on divested industrial timberland adds,

The great advantage that communities have over other levels of government is that they are close to the land. Their residents know the land as well or better than any outside specialists and if there is reason for that land to be conserved, town residents will regard it as a personal benefit and bring to the effort a measure of passion that is lacking when the job is left to bureaucrats (Wilcox, 2004).

A TNC representative from the Blackfoot Community Project emphasizes this point by saying,



TNC doesn't know the landscape. We went to each area and asked people where the elk calving areas are, the winter range, the grizzly bears, native plants, and streams that need help. Tell us about this place. That has helped TNC phenomenally.... it is the best source of information that we have... and it's the best way that we can then craft the best strategy for each parcel. The federal land management agencies are finally starting to figure this out now too...get the input on the ground site specific early on from people in the community. Get them involved from the very very beginning.... (Byrd, 2004).

She further comments that by getting local people involved at this stage gives residents and others more potential input in what could happen on the ground. Furthermore, when their opinions are sought and listened to, landowners are then more committed to the project's outcome (Byrd, 2004).

**Lesson 6: Partnerships are important to the overall success of the project. It is important to know your partners, rely on their talents, and build trust and credibility early.**

As was illustrated in the three case studies, strong partnerships are critical links to the success of large-scale land transactions. In all three situations multi-stakeholder partnerships have been instrumental in determining on the ground results by setting goals, building strategies, collectively raising money, and garnering community support. It is important to invite all the stakeholders to the table, set a collective goal, making sure all the partners stay on track through the duration of the project. Early partnership formation, as illustrated through the Blackfoot Community Project, is extremely important in getting the project initiated.

All the stakeholders, and the landowners and the agencies need to be involved. The reason the Blackfoot was so successful was due to the history of the Blackfoot Challenge. The trust and relationship had already been built with/among the agencies, the communities, the conservation organizations and the landowners, so that groundwork was already laid. Plum Creek has always been involved and they need to be a part of this partnership. Counties are crucial, especially the planning board (Byrd, 2004).

Although inherently positive, partnerships must maintain trust and transparency to make the project outcome truly successful.

One group cannot do the work of multiple groups so rely on your partners ... and tap into everyone's strengths. A community group cannot do it all so lean on the people whose business it is to keep track of these things. Your job is to leverage community support and to make sure the project is *transparent and inclusive*... rely on the partners' skills, but make sure that you are kept abreast of what is going on every step of the way so that the goals agreed upon are not lost in the process (Mason, 2004)

Have ground rules and avoid as much as possible behind closed doors deals. Keep the process transparent (Parker, 2004)

These three statements emphasize the importance of forming early partnerships, building on individual talents, and maintaining trust and credibility by maintaining a transparent process.

**Lesson 7: Do not rush into a partnership with a conservation organization. Research the organization and interview the specific people working in your area. Remember that you have options. Once the partnership is established set clear goals and objectives collectively.**

The complex nature of these large scale land deals often elicits the need for a conservation partner such as, The Nature Conservancy (TNC), The Trust for Public lands (TPL), The Conservation Fund, or another organization with experience in lobbying for federal dollars, engaging in complicated real-estate transactions, and facilitating land deals with corporate landowners. These organizations often advance the monies needed to purchase the land (or an option on it) and hold the option on the land until all the government approvals have taken place to make the public monies available. For the partnership to be successful, a community must have trust in their conservation partner. This has strongly been illustrated with TNC's work with the Blackfoot Challenge. Pre-existing trust with particular TNC personnel coupled with the formation of a Memorandum of Understanding helped solidify an effective partnership that has greatly assisted the project. Instead of recreating the wheel, local leaders within TNC helped to build on the existing work of the Blackfoot Challenge. Other community groups have indicated that when trust wavers and the broader community is left out, a project can fail.

It is part of the community leaders' responsibility to make sure that they work with a conservation partner that will validate and build on community values.

Community leaders can benefit by seeking out a conservation organization that they feel the most comfortable with. It may behoove an effort to interview various conservation partners in order to find the one that best shares their values (Reed, 2004; Parker, 2004). The following is a list of questions and ideas that may help facilitate this process.

1. What is the organization's mission?
2. What is their philosophy in working with local communities?
3. What other projects have they done like this? Talk to other groups who have worked with the specific branch and people within the organization.
4. What are the organization's strengths—securing federal appropriations, securing private dollars, etc. How does the organization make their money?
5. Have they worked with the corporate entity before? If, so what was their track record?
6. What is their goal for the project? Make sure their goals are compatible with community goals and values.
7. Once you decide what organization to work with, a Memorandum of Understanding (MOU) will help to clarify and solidify the partnership.

The following quotation stresses the importance of not only working with the right organizations but in working with the right people within the organizations.

Well, I don't believe you build trust overnight and you don't just invite a conservation group into your area and say "hey we're working on this Plum Creek deal, can you spearhead it for us?" I think conservation groups and agency people need to get embedded as part of communities and not just come in for the big bonus projects like the Plum Creek projects. One thing that we haven't talked about yet is that it is absolutely essential to have the right people in the agency and conservation group working within the area. That is our responsibility as agencies and conservation groups. *You don't want just a live body; you want the right body. The people skills are so important that they far outweigh the science importance in a project like this. People's personalities can determine the outcome* (Anonymous, 2004)

This statement takes this lesson one step further by saying it is not only the organization that matters, but it is the people and personalities within the organizations and agencies that are critical to the project's success. Therefore, meeting and interviewing

the local representatives of conservation organizations will help communities get a better idea of how the partnership could unfold.

**Lesson 8: A Memorandum of Understanding (MOU) can help maintain strong partnerships and clarify mutual objectives.**

Upon establishing a partnership with a conservation organization, the formation of an MOU can be beneficial in keeping the process transparent and credible. In the Blackfoot Community Project the MOU clarified the partnership and helped to define the boundaries and roles of each of the partners (Goetz, 2004). Greg Neudecker, Blackfoot Project Coordinator for the USFWS's Partners for Fish and Wildlife Program, expresses the importance of an MOU in the following way:

An MOU is an important part of a partnership. It helped the Blackfoot Challenge garner support from local community members who may be distrustful of environmental groups. The MOU helped illustrate that the disposition of the land would happen according to community goals and values. That was a key reason for doing it...(Nydecker, 2004)

Ashley Emerson Mason, Lands Coordinator on the Swan project, comments that establishing an MOU would have benefited the Swan project.

What would have been the most beneficial would have been working with the conservation organization in formulating an MOU. By negotiating an MOU it would have clarified things like how they were going to work with the community to make decisions, where their allegiances naturally fit, how many times they would meet with the community... (Mason, 2004).

In lieu of an MOU, community groups should continuously check to make sure that the partners involved are keeping them in the loop at all times. Closed-door deals made without community input can jeopardize the legitimacy of the project and impede success.

**Lesson 9: Know the structure and needs of your corporate partner.**

Corporate landowners are mostly concerned with private benefits; however, in light of the current trend in timberland divestment, it is important for communities to understand this reality. In the United States, private property rights have been interpreted

in a manner that often overlooks the responsibility the private landowner has to the larger public. “Few ideas have bred more mischief in recent times, for the beauty and health of landscapes and communities, than the belief that privately owned land is first and foremost a market commodity that its owner can use in whatever way earns the most money” (Freyfogle, 2004). Although this is seen as costly and unfair especially to people who care for their communities and natural surroundings, the reality of this statement holds firm today. Success for large timber companies is measured on getting the highest return for their investors---community groups need to be aware of that fact. Timber companies will continue to manage their lands intensively and divest of their assets if it means higher financial returns. Community and conservation values are sometimes subordinate to this mandate. The goal for community partnerships is to determine how to work within this incentive structure to benefit both parties.

There is no bulletproof way to forge a win-win solution in realizing full market returns and community conservation concerns. The following statements are the best advice that has emerged from this research to better inform partnerships working with their corporate partners.

### **Communicate and Build Trust**

- **Begin with early discussion and dialogue:** Make sure that the landowner (timber company) is a part of the early discussions and remains a part of the partnership. Continuing the dialogue between the community and landowner is important in keeping everyone abreast of the issues and working towards *compromise* (Rassmusen, 2004). For example, PCTC has worked with the Forest Service and local community in the Swan to add non-HBU lands to the conservation outcome. This was a direct result of open communication regarding the important conservation values of these parcels (Anonymous, 2004).
- **Illustrate the connection between community goals and corporate needs:** Show them other outcomes that maintain a more positive perspective in the public eye and recognize that they have some logic to them as a corporate entity even though it might not maximize full financial return (Anonymous, 2004). For example, after timber companies divest of their lands, many will still need to feed their mills. Communities could use this as a way to partner with the timber companies based on mutual needs. By maintaining the working timber base (potentially through community ownership), both community and

company could benefit. It could lead to an economic advantage to both parties while preventing the conversion of the land to non-forest uses.

- **Build trust:** Start out small and work toward a bigger project. Build trust with the landowner [corporation] by building a relationship (Wood, 2004).

#### **Develop Clear Community Goals and Strategies:**

- **Solidify community goals early:** Start organizing and solidifying community goals early before lands are put on the market and prices reflect real-estate appraisals. Once the property is on the market time is not on the side of the conservation community because the clock is ticking. The large timber companies will sell to the highest bidder.
- **Realize corporate goals without losing sight of your goals:** Be proactive, not reactive to corporate needs: “Do not always be reactive (waiting to see what the company will do); instead be proactive. Do not let the corporation just wag you around... express what the community values are. Collaboration does not always work, especially when you are David and they are Goliath. The power dynamics are often very unequal. So, go out with the collaboration mode, but realize if it doesn’t work there are other strategies. Figure out a way to meet both needs (those of the corporation and of the community)”(Parker, 2004).
- **Document conversations and agreements:** A good idea is to document discussions and decisions that are agreed upon so that there is a reference point to refer back to when negotiations shift or deals fall through (Anonymous, 2004).
- **Use your power to bring in federal dollars:** Communities have the power to lobby their congressional delegates and bring in federal dollars that can be used to maintain private forestland. Corporations cannot tell the communities what they can say to congress--use that power.

#### **Network:**

- **Partner with a conservation organization:** TPL and TNC have been instrumental in the preceding case studies in negotiating deals with Plum Creek and securing the necessary federal and private funding to make these projects happen. “Bring in the conservation organization that has the broker expertise, the ability to generate capital sources, and has experience working the corporate dialogue” (Anonymous, 2004).
- **Illustrate broad based support:** Get broad based buy in on the landscape as a whole and know how people want it to work. Create a collective vision and get the movers and shakers and key people to buy into the process. “This creates a force of public opinion that Plum Creek [and other timber companies] will have to respond to. It helps to pressure them. They are a publicly traded company that is sensitive to public opinion. The community must take charge of the agenda” (Anonymous, 2004).
- **Use positive media:** A main lesson illustrated through the preceding case studies is that public perception is a prime ticket that can be leveraged in any corporate dialogue. This cannot be overstated. The timber companies are sensitive to their public image, and

therefore, positive press generated by working on large-scale community conservation projects is attractive. Each of the preceding cases has generated positive press for Plum Creek. Use the press to build broad based support. Steer away from negative press unless it is clearly the only strategy left to leverage.

- **Formulate a public outreach process with the timber company:** In some instances a timber company may be opposed to a public outreach process before a deal is finalized due to a fear of raising public expectations—this concern emerged in all three case studies. Do not let the timber companies determine the sidebars of the project, especially when it pertains to public outreach. The company and community must work together to come to mutual agreements on these issues. Indeed, they both have stakeholders that they have responsibilities to; the timber company has to meet quarterly dividends and communities have to meet community goals and future needs. It is the opinion of this author that public outreach must occur before a deal is finalized so that all interested parties feel included in the decision made.

The three case studies illustrate that there is no one bulletproof method to forge a win-win solution with large timber companies. Every situation is different. Again I refer back to the differences in land prices, landscape features, partnership dynamics, and corporate desires for particular parcels (to designate as HBU or maintain as timber). As a result of these factors, corporate landowners will have different needs or desires in each place. It will benefit a community to stand firm in their goals while simultaneously realizing today's reality that corporations have a responsibility to their shareholders that often exceeds their desire to work towards maintaining public values on their lands.

**Lesson 10: A primary challenge for these projects is finding and securing the necessary capital. Local communities have a pivotal role to play in securing limited funds.<sup>27</sup>**

As described in the case studies, a key role of the conservation organizations is to work with the communities and agencies to find appropriate funding sources. Local communities can help to lobby for these funds. Large amounts of money are needed to acquire these lands and communities have an *extremely* important role to play in securing these funds. Congressional delegates are more likely to appropriate federal dollars for these projects if there is strong local support. Drafting a strong consolidated message

---

<sup>27</sup> Upon completion of this research (December, 2004) the Blackfoot Community Project received \$18.3 million and the Swan Project received \$6 million in the FY '05 federal appropriations bill (Devlin, 2004a). Local residents in each area helped to lobby for these federal dollars that will be used to maintain forest values.

though letters and e-mails and meeting with delegates are strategic methods of showing this support. Writing letters to and calling Montana congressmen to support funding for these efforts have been a prime strategy in each of the preceding examples. Local residents in the Blackfoot and Swan Valleys make trips to Washington D.C. numerous times each year to meet with their congressional representatives. Local people expressing their concerns in a face to face meeting speaks loudly to delegations, often more than a conservation organization speaking on behalf of local communities. A TNC representative comments on the pivotal role communities play in this process,

Communities can help leverage the necessary funds for these projects. It is the communities that help to convince the delegation and draw in their support. TNC can help but it really needs to come from the community. They [agencies and the delegation] want to hear from the counties and locals to make sure they are on board... (Byrd, 2004).

Melanie Parker, Swan Valley resident comments on the power this gives communities,

Congress isn't going to make any decisions about public funding if a community shows up at their door and says look we think this is a bad idea. That gives us the power to change things. I think sometimes communities feel that they don't have that power because we don't have official power. We don't know how to get money in D.C. and we feel that we should just take what we can get. *But you know we have more power than we think we do, and we should exercise that power* (Parker, 2004).

The timber industry has greatly benefited from federal funds used to pay for portions of these projects. Communities should use their power to leverage federal dollars in their dealings with their corporate partner. Indeed, it is one of the most strategic cards that they hold.

### **Illustrating broad based support through diverse partnerships helps to leverage the funds.**

Congressional delegates need to know that there is a cross section of support for these projects, which can be illustrated through partnerships. A Congressional aid emphasizes the importance of partnerships in securing congressional support:



[These projects] need to be broad-based, representing a cross-section of people. Partnerships help to illustrate this cross-section. It is like running a trap line. You want to avoid the traps of not contacting someone or some group that has questions or concerns about your proposal and addressing them beforehand. You can't eliminate objections, but knowing what they are and having an answer is very important groundwork to do before you make a presentation. The Blackfoot Challenge is a great example of this partnership. If the community can do that then it is likely that they will gain the support of the delegates (Anderson, 2004)

He adds that it is up to the communities to show the broad-based support for these projects. All three of the cases described in this paper have been successful in securing federal dollars by illustrating that their project is supported by diverse interests, has a willing seller, and is appropriate for the funding program being targeted.

## Communities need to be politically savvy:

It is very important to know how to work within our political system to build support with our elected officials to make these projects successful.

The following suggestions, offered by those interviewed for this research, will assist a community working within the political process.

1. Get to know key people at all levels of government who have a say in these projects. Build support from your local county commissioners to agency personnel (at the local, regional, and national level) to your elected federal officials. Have face-to-face meetings. Make a trip to D.C. to meet your delegates and their staffers. Having a fourth generation rancher or logger articulate the projects goals holds much more weight than a conservation organization or federal agency. One congressional representative adds, "In my experience, hearing from an average citizen rather than a special interest group or government entity can carry more weight in public hearings" (Anderson, 2004). Always ask who else you should be networking with.
2. Appeal to a wide spectrum of interests--at all scales. Local community support is essential, but our elected federal officials must sell these projects to elected officials in other states. So, show your delegates that your project has support and will benefit local, statewide, and national interests. Again, these projects need to come from the community themselves, but the local community needs to sell the projects to the larger community. In Montana that community is as large as all of the western states (Anderson, 2004).
3. Federally funded projects are ranked nationally so congressional delegations need to see a long-term plan; they need to show the Forest Service at the national level how this will fit into a larger [national] picture. Work with your local Forest Service personnel to develop a long-range plan and how best to promote this plan to Congress. In the Swan the community has worked directly with the local Forest Service employees to develop a plan for federal funding and acquisition. One Forest Service employee comments, "this group has put an awful lot of work into this project and has really made it happen. They have helped us put this plan together. Community involvement is needed ---congress does what the people want" (Anonymous, 2004).
4. Communities should start by setting specific goals and make sure the goals are broad enough to appeal to a diversity of interest groups. Do these goals appeal to many of the delegate's constituencies, *including the corporate partner*? Realize that you won't appeal to everyone, but try and show that the opponents might be able to see the benefit.
5. Then start to think how the goals can be accomplished thru the legislative process. What can the delegates do to help? For example: Do you need legislation? Does there need to be a policy change? Do you need help securing funds?
6. Show that your partnership has the ability and the expertise to effectively carry the project forward.
7. Illustrate your commitment by working hard to raise the money to match federal funds.
8. Always be able to articulate the goals and threats, and above all it is very important to have a community vision to fall back on.

**Lesson 11: Local communities should become familiar with the programs available to fund land acquisition or purchase of development rights, know their purpose, determine if the lands are compatible with the program's mandate, and be able to articulate their funding needs to decision-makers.**

Whether just purchasing development rights or buying the lands in full fee, the price tag on these projects is steep, especially when the lands are appraised for real estate values. It is important to understand that there is not one funding program that will be able to fund the whole of these complex projects. A combination of federal, state, and private funding sources is often necessary. Communities must build on the partnership (the conservation organizations and federal and state agencies in particular) to help find and secure other appropriate private, state, and federal funding sources.

*A Focus on Two Federal Funding Programs: Land and Water Conservation Fund (LWCF) and Forest Legacy Program (FLP).*

Without key federal funding programs, such as the Forest Legacy Program and the Land and Water Conservation Fund (LWCF) Program, many of the private forest lands that have been conserved in Montana and beyond would have been sold on the open market. All three of the Montana cases have relied on one or both of these federal programs to prevent the conversion of Plum Creek's lands to non-forest uses. It is essential that local community groups understand the purpose of these programs and the process to secure funding so they can play a pivotal role in the process. It should be noted that both programs have limited funding, are extremely competitive, will fluctuate as both national priorities and government administrations change and have legal mandates for use. In that light, community groups must garner broad support for their project, learn about the funding program's application process, work within the partnership to prioritize lands most appropriate for these funding programs, and work to gain the support of key decision makers (from program coordinators to congressional delegates).

The following tables provide communities with some basic information on these two important federal funding sources while illustrating what questions they should be thinking about when researching other potential sources of funding.

## **Forest Legacy Program:**

### ***What is the purpose of the program?***

The funding of the Forest Legacy Program is specifically for protecting working forestlands in the United States. The intent of the Forest Legacy Program is to identify and protect environmentally important private forestlands that are threatened by conversion to nonforest uses. The U.S. Congress recognized that the majority of the nation's productive forestlands are in private ownership and that private landowners are under intense pressure to convert the lands to other uses (MFW&P, 2000a). This program works to retain forested values.

### ***How does the program work and how do you get on the list?***

Through a governor appointed administering agency, each state is responsible for overseeing the Forest Legacy Program process. In Montana the administering agency is MFW&P. A community should build a relationship with this agency and the program coordinators. Interview these people so you know how the program operates. This will help a community produce a strong application so that they can get on the list of recommended projects. Once the state recommends the projects, they will be ranked at the regional and national levels of the Forest Service. So, communities should build relationships with decision makers in the Forest Service in order to determine what they are looking for in an application. A community should write directly to national program coordinators and invite them out to see the project. "Build relationships with the people who make it happen" (Mason, 2004).

Finally, build support for your project in Congress by getting the support and working with your congressional delegates. Congress has the final say on whether or not your project gets funded through the federal appropriations process. Work with your conservation partner to understand the appropriations cycle so you know when to call, meet, and write to your delegates. A community must also know that they need matching funds (this program requires a 25% cost share match of purchase funds). Again, work with your conservation partner to find creative ways to meet this match.

### ***What lands qualify? What are the eligibility criteria?***

Although each state has their own specific criteria, there are national criteria that must be met to be eligible for this program. Under the section on "Eligibility Criteria" the guidelines state: "Environmentally important forest areas that shall contain one or more of the following important public values: 1. scenic resource; 2. public recreation opportunities; 3. riparian areas; 4. fish and wildlife habitat; know threatened and endangered species; 5. know cultural resources; 6. other ecological values; and or provide opportunities for the continuation of traditional forest uses, such as forest management, timber harvest, other commodity uses and outdoor recreation..."

### ***Recent examples of where the Forest Legacy Program has been used to prevent the conversion of private forestlands to nonforest uses:***

- Forest Legacy dollars were used in the Thompson Fisher project in MT to purchase a conservation easement on 142,000 acres of Plum Creek land—the largest easement in the state's history.
- Forest Legacy funds have been approved in the Swan Valley to purchase working forest easements on Plum Creek lands intermingled with the Swan River State Forest.
- Forest Legacy dollars were used in Randolph, NH to purchase a conservation easement on 10,155 acres of working forestland now owned by the town of Randolph.

***Website: For more information on how the Forest Legacy Program works in your state please visit <http://www.fs.fed.us/spf/coop/programs/loa/flp.shtml>***

## Land and Water Conservation Fund (LWCF)

### *What is the purpose of the program?*

Congress established this program in 1964 to create parks and open spaces, protect wilderness, wetlands, and refuges, preserve wildlife habitat, and enhance recreational opportunities. Much of the funding for this program comes from offshore oil and gas drilling proceeds.

### *How does the program work?*

There are two components to this program: federal and state. For the purpose of purchasing forested lands for inclusion in one of our nation's federal land management designations (Forest Service, Fish and Wildlife Service, National Park Service, and Bureau of Land Management) the federal side of this program has been utilized. To secure the funding for a project, a community needs to work with the appropriate federal agency personnel, landowner, and conservation organization. A community has a large role to play in this process!

### *How you can help secure the funds:*

There are many ways a community can help secure LWCF funding. A detailed grassroots organizing toolkit, specific to the LWCF program, can be found at <http://www.ahrinfo.org/tools.html>. This website, constructed by Americans for Our Heritage and Recreation, offers community groups specific grassroots organizing tools to secure federal funding. It takes you through each step in detail: from working with the media, building local support and broad constituencies, to understanding the federal appropriations process. Components of the "grassroots campaign tools" offered on this website are transferable to the Forest Legacy Program and most other campaigns that are specific to securing federal funds.

### *What lands qualify? LWCF funds are used for:*

- public acquisition of special lands and places for conservation and recreation purposes;
- public acquisition of private holdings within national parks, national forests, national fish and wildlife refuges, public lands managed by the Bureau of Land Management, and wilderness areas; and
- public acquisition of areas key to fish and wildlife protection.

Work with your local federal agency personnel to determine which lands are most appropriate.

### *Recent Examples of where the LWCF program has been used to prevent the conversion of private forestland non-forest uses:*

- *Swan Valley, MT: Since 1999 LWCF has protected approximately 6,000 acres by purchasing Plum Creek lands to be placed in the hands of the Flathead National Forest. This has helped protect important wildlife habitat and recreational access, while blocking up land ownership in this checkerboarded landscape.*
- *Randolph, NH. In 2002 the federal LWCF funding aided the efforts of the town of Randolph to prevent 3,000 acres of Hancock timber company's land holdings from conversion to non-forest uses by purchasing these lands for the White Mountain National Forest.*

**Useful website: LWCF Fact sheet offering a step by step process:**

**<http://www.fs.fed.us/land/staff/LWCF/>**

As indicated by many interviewees, finding the money to fund these projects is an incredible challenge. As LWCF funds dwindle as national priorities shift and Forest Legacy dollars are stretched thin, the projects demanding these funds are increasing in scope and scale. Support is needed to increase funding for public programs that are designed to meet the needs of private forests (Sample and Block, 2000). Although it will be up to the partnerships to think creatively about alternative funding sources, Congress must validate this nationally significant issue by appropriating more federal dollars for these projects.

*For more information on public funding options for these projects please refer the Wilderness Society's 2004 guide to sources of public funds for land conservation:*

*<http://www.wilderness.org/Library/Documents/ConservationCapital.cfm>*

**Lesson 12: The use of large-scale conservation easements (largely funded by the Forest Legacy Program) must be done cautiously with the realization that there are both pros and cons to these easements that must be evaluated before public dollars are spent.**

Conservation organizations and public agencies across the United States have utilized conservation easements to prevent development of timberlands. Similar to the Thompson Fisher project, many of these easements entail buying the development rights on large parcels of timberland to avoid subdivision and other types of land development. In return, on some of these lands the timber companies retain fee title, continuing to cut timber, retaining jobs and access. The Trust for Public Lands Vice President comments "It isn't so much an unholy alliance we're seeking here, as much as a pragmatic meeting of the minds between ourselves and the timber industry" (Carlton, 2002). Benefits of the easement option include: 1.) They usually cost much less than full fee acquisition (40-80% of full value), 2.) They keep the land on the tax roles and 3.) They keep property in private hands and often under one ownership (Fricker, 1999).

Although there have been proven benefits of conservation easements to maintain working forests, conservation easements are not a panacea to this problem. The funding

is limited to purchase and monitor these large-scale easements which will impact landscapes and nearby residents in perpetuity. Communities should be a part of the process when determining if a conservation easement is appropriate for the land in question, and when deemed appropriate, what the easement language should say.

Many of the people that participated in this research offered advice regarding the use of conservation easements to benefit communities.

- *Evaluate the Need:* Dollars are limited and therefore it is the responsibility of the partnership to determine if this is the most appropriate tool for the land base in question. The following questions may help guide this process: “Will an easement help us meet our project goals?” “What is the nature of the development threat?” “How much are you paying for what you are getting?” “What are you getting in terms of real conservation? What is going to happen to the underlying fee?”
- *Cost:* Research the cost of the conservation easement as compared to the cost of full fee acquisition. Sometimes it is more economical to purchase the land in full fee due to the high cost per acre of some of these easements. Hence, it is important to understand the appraisal process and determine where to focus your efforts.
- *Easement Language:* The nature of the easements imposed on a property need to match the desired uses of the property or they become an impediment. Before the language of an easement is finalized, the discussion regarding appropriate uses of the parcel as a whole must extend to all those who have interest in the land (Radnard, 2004). Conducting a land use survey, similar to that which was conducted in the Swan Valley, can help to prioritize land use and values on certain parcels. The language contained in these easements will impact large acreages of land and the people dependent on these lands in perpetuity. Remember, the devil is in the details. The communities adjacent to these lands will be the most directly impacted and should be involved in the process. Communities should identify their future goals for the land and express this through the easement. To make sure the easement enables this, collect a diversity of easement language and talk to those people involved in drafting the language about what worked and what they would change.
- *Monitoring:* Many large-scale easements have been purchased in reaction to divestment with little thought to monitoring requirements. “Who will monitor the easement once it is purchased and where will the funding come from?” This begs the question regarding whether conservation is being accomplished once the easements are purchased. Setting up an endowment has proven effective in some projects to ensure monitoring funds are available for future years.



- *Think beyond saving the land today:* Think closely about future implications and impacts of the easement. Stewardship needs are likely to change over time so think long term.
- *Example:* In the Blackfoot Valley, a large-scale conservation easement similar to the Thompson Fisher case had been discussed before pursuing the full fee land acquisition on 88,000 acres. The use of a conservation easement would have been considerably cheaper, much less time consuming, and kept the land under one land ownership. In retrospect, a representative in the Blackfoot project comments that although the sole use of a conservation easement would have been easier and cheaper, the ongoing acquisition process to purchase 88,000 acres has built community support, trust and credibility. In addition, it has ignited innovative planning regarding future ownership and management, and has provided local residents more involvement about the land's future. In contrast, the Thompson Fisher case determined that the use of a conservation easement was the best strategy to meet project goals. Both of these cases are too new to evaluate the long-term conservation outcomes of the strategies employed. At this time they serve as useful examples of two cases utilizing different tools.

These examples illustrate that each landscape and configuration of people will suggest different uses of these tools. It is up to the people in each place to carefully evaluate their concerns and options before they pursue a conservation approach.

**Lesson 13: Become familiar with the investment world. As timberland ownership changes hands, the investment community is becoming a key player in these transactions. Timber Investment Management Organizations (TIMOs) buy, manage, and sell timberland on behalf of investors. Institutional ownership, through TIMOs, has been increasing rapidly as the trend in divestment increases. As TIMOs capitalize on this investment opportunity and become partners in many of the conservation transactions, it is important for communities, who want to play a role in the future of these forests, to understand how these new entities operate so that workable partnerships can emerge.**

Although the involvement of a TIMO has not played a major role in the preceding cases, national research conducted on this issue has indicates that this group will continue to play a much larger role in the divestment of corporate timberlands. In 2001, it was estimated that TIMOs invested \$9.4 billion in timberlands. "Sixty percent of the timberland sold by vertically integrated timber companies in 1999 were sold to TIMO's" (Gilges, 2001). These numbers illustrate the significant role this group will have in the future of our nation's private forests.

New types of ownership, like TIMOs, can leave communities wondering about their future. Questions remain regarding what the differences are between how the

TIMOs work compared to timber industry? What does this ownership shift mean for local economies and ecosystems? What are the ways to partner with this new group to facilitate land conservation? The following points were gleaned from pertinent literature and interviews with TIMO representatives and knowledgeable practitioners. They are provided as a starting point for communities who want to learn about working with TIMOs to maintain forestland.

- TIMOs make investments on the behalf of thousands of investors (Block and Sample, 2001).
- TIMOs are not a monolithic group. Just like conservation organizations and IPF owners (traditional timber companies) have different strategies and management philosophies, so do TIMOs. Research the individual TIMO before a partnership is formed.
- It is important to remember that the main objective of the TIMO is to maximize return for their investors; fiduciary obligations override all other obligations (Block and Sample, 2001). The conservation and community partners “must understand the profit motives and financial expectations of the conservation investor” (Stein, 1997).
- In contrast to the typical life of the timber industry, many TIMOs hold onto land for a shorter time period, typically 10-15 years. A question that results is: What will be the future of the land after a TIMO has made its investment and sold its assets? (Block and Sample, 2001)
- In contrast to many publicly traded timber companies (who are valued based on only a few quarters of earnings or cash flow), many TIMOs have more flexibility in the length of their investment and may look at longer time frames. “They understand that timberland characteristics favor patient, long-term investment” (Block and Sample, 2001). They make much of their money off of capital appreciation, “that is the growth of the price of the land from purchase to sale”, whereas publicly traded forest products cannot recognize appreciation return (Greger, 2001; Block and Sample, 2001).
- In contrast to timber companies who own timberland to feed their mills, typically TIMOs do not own mills. The separation from a mill means that TIMOs do not have to cut a certain amount of wood each year, thus allowing for longer rotations to grow saw timber. They will cut the trees when it is profitable, thus maximizing their returns instead of the returns of the pulp and paper mill (Mendelsohn, 2001).
- Often when timber companies sell their land, conservation organizations do not have the necessary capital at hand and must resort to raising the funds from philanthropic donors. In contrast, TIMO’s often have the capability to raise capital quickly to respond to new offerings of timberland on the market. When they invest in these lands “they can play a “stop-gap role” in conserving divested industrial timberlands, often maintaining them in original form as large, contiguous tracts”(Block and Sample, 2001). This time scale also allows time for other interested parties (communities and conservation groups) to work

out future purchase agreements with the TIMO. This can provide time for partnerships to develop a strategic plan to purchase the land, thus staving off development and other activities that may lead to an increase in habitat fragmentation and loss of important timberland. This may also afford communities the time to come up with alternatives that might meet community' goals. In many instances TIMOs have partnered with conservation organizations to simultaneously respond to the sale of timberland.<sup>28</sup>

- Back to the bottom line: When it is time to sell, TIMOs may sell to developers if they deem that it is the highest and best use of the land (Weber, 2002), leading to habitat fragmentation and conversion of the land to non-forest uses. Some TIMOs may choose to work within a partnership of conservation groups and community partners to determine where this development is most appropriate. However, the question of what will happen to the land at the end of the TIMO's lifespan will be a resounding question for communities and conservationists to consider.
- When working with a TIMO, a community should 1.) research that specific TIMO; 2.) find out if they have engaged in any conservation deals and with whom; 3.) interview other communities who may have worked with that TIMO; 4.) determine their track record in forest certification; and 5.) express community' goals and values and try to work towards mutually beneficial outcomes.

As TIMOs continue to purchase significant amounts of the divested industrial timberland, communities should research different ways in which they can work best with these investors. As indicated earlier, public and philanthropic dollars are limited, and the investment community has already proven its ability to purchase these lands and partner on conservation deals. As their role in determining the future of private forestlands increases, new ways of working with this group to meet their bottom line while honoring conservation and community needs to remain open and center stage in this dialogue.

---

<sup>28</sup> The Connecticut Lakes Headwaters Conservation Initiative created a partnership where a TIMO, Lyme Timber Company, was able to purchase 146,000 acres of timberland from International Paper. The partnership included the State of New Hampshire, which will hold a conservation easement (purchased with Forest Legacy dollars) on all of the land that Lyme purchased. The easement will prohibit development, provide for sustainable timber harvest, and guarantee permanent public access. For more information on TIMOs please refer to: *Stein, Peter, 1997. Conservation Investors: Making Money, Saving Lands. Land Trust Alliance. Summer 1997.*

**Lesson 14: Use this change in timberland ownership to think beyond traditional private and public land ownership to a novel combination of both, including common property. The issue offers communities an historic opportunity to buy and manage the land with the assistance of multiple partners. This trend in community ownership and management is on the rise across the United States.**

Communities across the United States are using timberland divestment as an opportunity for reinventing land tenure in the United States. Establishing community forests is an idea that is slowly moving from concept to reality in regions confronting land use changes. As was illustrated in the preceding case studies, there are numerous options to deal with this issue—ranging from purchasing conservation easements, to finding private purchasers who will maintain traditional forest uses. However, some are pursuing a more exciting and challenging option: acquiring the lands to manage themselves.

In the United States “town forests” have been in existence in New England since the late 1600’s (McCullough, 1995). This ignited movement is suggesting new possibilities in the United States to work towards creating community forests in areas threatened by development.

In both the Swan and Blackfoot Valleys, some residents are thinking creatively and capitalizing on this new opportunity to establish community managed forests that protect and enhance social, ecological, and economic values. This challenge of creating

**Some things to think about when considering this strategy:**

- *Will this strategy meet community and conservation goals?*
- *What is the community’s capacity to take on communal ownership? Is there a local community organization already established to initiate this effort?*
- *Who would manage the forest and how?*
- *Where would the money come from to purchase the land?*
- *What benefits (monetary and non-monetary) could the forest provide?*
- *Many more questions will arise throughout the process—the key is to make sure the process **remains transparent!***

community forests has illustrated that there are many types of forest ownership and management that go beyond public or private land. Communal ownership is emerging as a ‘new tool’ that could serve to protect rural landscapes and livelihoods. Greg Neudecker (2004), Blackfoot Community Project Coordinator expresses his ideas on this new opportunity:

Use this as a way to look at different ownership patterns. Traditionally we would have identified a large area and said we need to own this under federal ownership. This is one of the first times where we are saying let’s keep it in private ownership. Sell this as a way to preserve ranching and traditional lifestyles. The stage is set differently, and it forces people to talk across the boundary lines and work collectively to realize common goals. It cannot just be about the agencies, the conservation groups or the private landowners. It must be a collective effort. We can’t do it alone. This is a national movement. Land does not have to fall into public ownership to be protected. It is a new and promising approach.

Many questions remain unanswered regarding land tenure. These include questions about governance and long-term management, land acquisition costs, and community capacity. However, lessons are being exchanged as communities begin to embark on this new territory; a movement that is unfolding into a true experiment in democracy.

**For more information on Community Forests and Community Experiences please refer to the following website:**

One recent example of a community forest established in direct response to the divestment of corporate timberland is the *Randolph Community Forest* in New Hampshire. For more information on Randolph Community Forest and other New England Town Forests refer to “Choices and Challenges in Town Forest Management”  
[http://www.ncfcnfr.net/Summary%20Report%20on%20Workshop\\_final.pdf](http://www.ncfcnfr.net/Summary%20Report%20on%20Workshop_final.pdf)

Another recent example is the *Downeast Lakes Forestry Partnership* where concerned residents in Downeast Maine are organizing efforts to acquire title to 27,000 acres of former Georgia-Pacific industrial timberland to be managed as an integrated community forest and ecological reserve. For more information please refer to the following website:  
<http://www.downeastlakes.org/>

**Lesson 15: Buying land is not the only answer. Communities should use their power to *plan* their landscape for the future through land use planning and zoning as an important tool to confront the development pressures threatening private forested landscapes.**

In every forest region a new generation of land use planners is seeking to come to grips with the impact of sprawling non-forest uses and fragmentation. Much more support needs to be given to the many rural forest counties in sprawl's "expansion market" (Best and Wayburn, 2004).

As more private industrial timberlands are divested, communities should also consider land use planning and

zoning as important tools for protecting forestlands and values. In the West, where private property rights are sacred, many rural

*Zoning is one of the most basic exercises of grassroots democracy. It allows individuals to have a voice in development that will directly affect their property values and quality of life. It does this by placing your values and the values of your neighbors and the community into the form of zoning regulations. These are the same regulations that elected officials must use when making decisions on development proposals in the area. What could be more democratic than that?"*  
—Tim Davis, Montana Smart Growth Coalition

communities have steered away from utilizing zoning and other land use planning tools

to control growth and development in their areas. Zoning is sometimes viewed as

limiting private property investments, future control of land, and family inheritance.

These are all deeply held views by some rural residents. County planning and zoning has

not been popular in Montana; zoning has been a reactionary process occurring

subdivision by subdivision. However, in light of the fact that there is not enough money

to buy and protect all forested landscapes, the toolbox must be expanded to include

zoning and other land use planning tools. "Foresters generally abhor land-use

regulations, but some kind of "smart growth" had better happen soon or productive

forests will either be gone or unmanageable" (Sampson and DeCoster, 2000).

Many rural communities are finding out that development can have profound adverse impacts on both environmental quality and the public treasury (Nellis and

VanGilder, 2004). Some rural communities are already starting to embrace zoning.<sup>29</sup>

Planning is an important community process, but involves community leaders to go to the county government and put pressure on them to institute a planning overlay that incorporates a community's vision.

Zoning can benefit both the community and the landowner, explains Jerry Sorensen (2004), land manager for Plum Creek Timber Company. Sorensen (2004) suggests that it is *all* of our responsibilities to create a planning overlay that will strike a balance to allow for some growth in a reasonable way. Although zoning regulations can change, it helps to give people a sense of certainty that they do not have otherwise. "It gives them a sense of the future." Zoning can help timber companies because it affords them the certainty of how their land can be sold and subdivided. What will be approved or denied by a planning board is more nebulous without zoning, thus leaving the landowner, buyer, and community uncertain about the land's future prospects. As such, some communities are beginning to realize that land use regulations can actually protect their property rights by ensuring that their neighbors' actions do not adversely affect them. In addition, some communities may want to use land use planning as an opportunity to plan residential development. In many cases, using land use planning can provide assurances and guidance when this occurs.

As more forested landscapes and forest dependent communities face rapid and unplanned development, it would benefit them to try and plan for their future through a formal county planning process. Although, it is beyond the scope of this paper to describe this process, "*The Planning for Results Guidebook: Practical Advice for Building Successful Rural Communities*" (2003) provides a framework for initiating land

---

<sup>29</sup> Please refer to: Nellis, Lee and Karen Van Gilder. 2003. *The Planning for Results Guidebook: Practical Guide for Building Successful Rural Communities*. National Association of Counties and the Sonoran Institute.

use planning in rural places, while providing useful and real examples of communities who have benefited by doing so.

The following “talking points” are meant to further the discussion on this underutilized tool. These arise from interviews conducted for this research in direct response to the issue of divested corporate timberland.

- Communities should become more familiar with other innovative options to channel growth to minimize forest conversion. Some states have engaged in special forest zoning<sup>30</sup> and others have used natural resource overlays to protect working forestlands. More of these initiatives are needed around the nation to better serve our forested landscapes and all of us who value private forests (Best, 2004). Communities should look at other regions that have utilized these innovative tools to see what could be transferable. For example, courts in New Hampshire have recently upheld a town’s right to create “forest zones” which establish large minimum acreages and limit the uses to traditional forest uses (Wilcox, 2004). Look to see what is possible in your state and county.
- Interested communities should invite county planners into their area to start a dialogue about how zoning can benefit a community and protect forests from further fragmentation and conversion. Likewise, county planners should start becoming part of planning efforts within rural communities, thus allowing them the opportunity to talk to people face to face about the benefits of land use planning and how it can help them guide development in a way that speaks to the community vision.
- Work with county planners to better understand your state and county laws and policies so that you know what planning ‘tools’ are available.
- Defining a community vision through the development of a county comprehensive plan is a great place to start. Although a good jumping off point, comprehensive plans are very broad, often begging the question, “what is approvable and what is not?” To be truly effective the comprehensive plans must be taken a step further and implemented through zoning that is legally defensible. Zoning restrictions make it easier for a county commissioner/planning board to deny a subdivision permit.
- It can often take a long time to get counties to initiate land use restrictions and subdivision regulations. If a community is aggressive about getting the work done faster, they can look to other venues for help. For example in Montana, the University of Montana Law School Clinic has aided rural Montanan communities in developing land use planning and regulations (Horwich, 2004).
- Look at the market in your area to make sure you know what planning tools are the most appropriate.

---

<sup>30</sup> “As of 1996 these included California, Georgia, Idaho, North Carolina, Oregon, Virginia, and Washington” (Best and Wayburn, 2001).



It is the opinion of this author that land use planning and zoning is a tool that is currently being overlooked for its utility in maintaining private forestlands—particularly IPF lands as they change ownership. There are many questions that remain unanswered regarding rural peoples' views on planning and their perceptions as to its advantages and disadvantages, as well as if planning can maintain public values associated with forestlands. However, with the current exhaustion of federal funds and organizational capacity to handle the large amounts of IPF land being sold, the role of this tool should be more thoroughly examined. Also, zoning can be a relatively long-term assurance, and it is also democratic if voted in by a majority public.

### ***Chapter Summary***

The tools and strategies offered in this toolbox are meant as a jumping off point for interested communities who want to play a role in shaping the future of IPF lands. Instead of conducting a comprehensive list of the many legal and financial tools and strategies that may be used to address this issue, I felt that it was important to focus on the 'process' tools and strategies that were gleaned by talking to people already involved in this issue (See the follow page for a summary of these ideas). It is my hope that the lessons learned in this chapter will motivate and help other interested communities work to protect the values of these important private forest lands.

---

## **SOME KEY STEPS FOR COMMUNITIES INTERESTED IN INFLUENCING DIVESTED TIMBERLANDS**

1. Determine if there is enough momentum, interest, and engagement (both inside and outside of the local community) in protecting the lands from conversion to non-forest uses. If yes, then proceed with the following steps.
  2. Have a collective vision and establish the project's goal based on that vision. Do not lose sight of your goals! Keep checking back, making sure your strategies are aligned with the goal.
  3. Build a strategic plan. Deciding on the key lands to be protected. Then decide how to proceed by engaging different partners and players. Partner with a conservation organization that you have either worked with or who has expressed shared goals and objectives with the community. A Memorandum of Understanding (MOU) can help solidify this process.
  4. Engage in community outreach from the beginning. Maintain an open and transparent process by keeping people informed and updated throughout the process. This is the most important step of all! Community outreach must come from the ground up, working at all levels. Use community leaders to lead the outreach. Get people invested in the outcome! Hold numerous meetings, use the media, do mailings, and provide information in local stores and restaurants. The media helps to: keep people updated, generate broad based support, and build support with the delegation.
  5. Build relationships early. Build partnerships and capitalize on everyone's talents. The timber company must be apart of that partnership. Establish guidelines that everyone adheres to.
  6. Network and Communicate at all levels. Keep lines of communication open at the local (don't forget your local planning boards and county commissioners!), regional, and national levels with the agencies and delegation. Communities must communicate with all the players and not rely on the partners to do this for them. Hold field tours in your community for decision makers and guide them yourselves. Always articulate the importance (ecological, social, economic) of the landscape.
  7. Be in the drivers seat. Maintain control of the process; do not let others redefine the goals. Hold the meetings in your community and lead them. Invite all potential stakeholders and have community representatives at these meetings.
  8. Develop a community fundraising process. Raising money provides political power.
  9. Set benchmarks and celebrate those benchmarks. This adds renewed commitment to the process.
  10. Stay on track and remain positive. These are large/complicated projects that take years to complete. Don't worry about the size of the project and think it is unachievable, lay out a strategy that everyone wants and thinks is worth doing-- and then do it!
-

## ***CHAPTER 6: CONCLUSION***

Divestment of industrial private forests (IPFs) has ignited a movement across the nation for communities and partners to protect and enhance the public benefits of former IPF lands. Coalitions of rural residents along with public and private non-profit organizations are leading this effort. It is likely that this trend will continue over the next decade as large industrial timber companies respond to market pressures and seek creative ways to raise corporate profits. An important conclusion of this paper is that while the change in timberland ownership poses significant threats and tremendous challenges, it has also fostered positive responses involving rural communities working in partnership with others concerned about forest conservation. Most significantly, many have been locally led efforts, though ultimately involving federal players and funds.

This research provides a snapshot into an inherently complex issue. It has been undertaken to provide an accessible and useful summary of the process and impacts of corporate timberland divestment, what groups in western Montana are doing to respond, and most importantly, to provide a toolbox for assisting other rural constituencies to take proactive measures to work toward conserving IPF lands for a diversity of values and interests. Hopefully the paper has offered specific ideas and suggestions for its readers to use, and has illustrated the power that partnerships and coalitions of rural peoples and other organizations have to influence national and even global corporate activities.

The innovative approaches to protect and enhance IPF lands in just three areas in the state of Montana shows that each place, with its different landscape and social characteristics, can protect IPF lands using different approaches. Moreover, these case studies illustrate that motivated rural communities are playing a powerful role in working with others to determine the future of these lands. Concerned citizens across the country have been working to find an effective mix of tools and strategies to prevent the

conversion of these lands to non-forest uses in a way that balances diverse interests and values. These projects—whether in the east or west cost-- all seem to have one common goal in mind: *“to make a deal that strikes the right balance between conserving the environment and protecting a region’s economy”*(Dobbs and Ober, 1995).

### **Opportunities posed by IPF land divestment**

#### **It offers a chance to:**

- Experiment with land tenure—to turn corporate control into local control.
- Secure, in perpetuity, the traditional public recreation uses of these extensive forests and waterways while maintaining working landscapes—thus contributing to local economies.
- Purchase important recreational and biologically rich lands for public ownership.
- Increase the dialogue regarding needed policy changes and tax reforms to provide incentives to promote private forestland protection.
- Practice the principles of ecosystem management by looking beyond ownership boundaries. As these lands are sold, particularly in mixed ownership (checkerboarded) landscapes, concerned citizens are looking at strategies that will help to coordinate land management on an ecosystem level. In the west, it affords a way to start erasing the checkerboard landscape.
- Build partnerships amongst diverse and sometimes conflicting interest groups to work towards the common goal of protecting IPF lands.
- Better steward lands that have long been under intensive corporate management.
- Provide incentives for land use planning that is based on a community’s vision rather than market determinants.

### ***Recommendations and Further Research Needs***

Many legal and financial tools and strategies are available to protect IPF lands.

However, one implication of a review of them is that there is an array of tools to be considered and that the tools and strategies available must be expanded. Large scale

conservation easements and land acquisition strategies have been key strategies. These tools have provided many levels of protection, and should be expanded where appropriate. However, with the millions of acres of IPF land being divested, the funding mechanisms to engage in these strategies are being overwhelmed. Consequently, innovation and creativity will be necessary for new communities dealing with the issue to find additional strategies to maintain the public benefits accrued from private forestlands.

A key issue in this evaluation is the importance of rural communities in determining what strategies are the most appropriate to maintain community and conservation values. Local residents know their landscape and have priorities for how they would like it managed. Consequently, they have a large role in deciding how these lands should be managed. Freyfogle (2001) thinks that rural communities can play a key role in protecting the ecological values of forestlands:

Communities need to assert greater control over their landscapes if waterways are to recover, if wild species are to survive, and if people are to enjoy healthy lives in harmonious surroundings” (Freyfogle, 2001)

When communities are left out of the process—whether in choosing the parcels that should be acquired or helping to shape the language in an easement—these efforts risk failure. More state and federal agencies, local governments, and conservation organizations need to become apart of rural communities. They should not just come in for the large conservation deals, but establish themselves within these communities so that the trust and credibility already exists when landscape level projects like these occur. Collaborating together from start to finish can strengthen partnerships that have an ability to act before the land goes on the open market. Finally, concerned residents should begin early outreach within their communities to build a common vision and the capacity to better address the future of these lands. This will facilitate an effective plan that has broad support.

It may be unrealistic to think that all divested land can be purchased and protected from conversion due to the hefty costs and organizational demands associated with these efforts. Whether it happens or not depends upon many factors, but especially a community's vision of the future and investment in the outcome. The land in question needs to be able to inspire a range of people to want to protect it. This can begin to generate the broad based support that is necessary to successfully get people involved to negotiate a deal that can begin to benefit a diversity of interests.

More conferences and studies pertaining to the transfer of IPF land to federal, state, and private ownership should include local residents. Their participation is essential in helping to determine how these deals can strike a balance between corporate, conservation, and community needs. Their insight can help with how these transactions and subsequent new owners can work to the benefit of rural communities. It can also assist with rural communities working with new landowners such as REIT's and TIMO's to maintain the timber base, thus maintaining jobs and other public benefits; and how community ownership of the land and management of the forests can benefit timber companies by sustaining the timber base for the mills. These and other concerns can best be discussed in a setting that brings in all affected partners. Local leaders and communities are key players, and should be a part of these discussions.

Concerned citizens should expand the dialogue beyond their landscape and region. It will help them to start networking with other communities who are working to shape the future of IPF lands. Innovative ideas can be shared, and experimentation must continue if these complex projects are to unfold into conservation and community opportunities. Interested communities need to learn from *each other* about the various tools available, the limits of these tools, how to maintain control of the process, how to stay open and transparent, and how to build effective partnerships within the local

community and amongst interested stakeholders. This recommendation is especially important as more communities use the sale of these forestlands as an opportunity to embark on new paths in local land ownership and management.

Although the toolbox provided here offers a starting point for communities, there are many additional questions that this research generated. A few of these questions include:

- How can land use planning be most effectively used to generate a balance between working landscapes and resource protection on IPF lands? What are the bureaucratic and cultural complexities that stand in the way of this tool's effectiveness? Where has zoning helped in protecting IPF lands and how? Can 'forest zones' help to protect these lands from development pressures without infringing on the landowner's legal rights?
- What role will the investment community play in maintaining these private forestlands? More research needs to be conducted on the role that the investment world (TIMOs) will play in these transactions. How can communities benefit from partnering with TIMOs?
- How can communities most effectively and efficiently raise their own 'capital' to aid in these transactions?
- What other types of alternative land ownership and management could communities consider? How can communities generate more support amongst decision makers to support such efforts? What are the risks associated with these new ventures—social, economic, and ecological? Could such an effort jeopardize other conservation strategies being used?

The complex nature of these projects will generate additional questions regarding the financial, social, and ecological outcomes of these strategies. The challenge is working through these questions in an open and inclusive process.

Over the decades, and despite examples to the contrary, IPF lands have provided multiple benefits to many rural communities and landscapes. The three Montana examples illustrate that with visionary local leadership and coordinated efforts the threat of industrial forestland divestment has the potential of becoming an opportunity. Although it is too early to evaluate the social, economic, or conservation outcomes of these three efforts, the process and strategies being used to protect these important forested landscapes in Montana has provided a reference point for other concerned

citizens who may be forced to confront this challenge as more IPF land transfers hands. The hope is that through the description of these projects, other rural communities will gain insight into how they can play a lead role in these efforts.

The challenges are daunting on many levels, especially as more land is put on the market. But as many interviewees reminded me--look at the alternative. Trees can be regrown, but land converted to development is harder, if not impossible, to reclaim and restore to forests in the future. To maintain these lands now will help to ensure that the rural characteristics of these lands are not lost to uncontrolled development. Aldo Leopold believed that “each community ought to act forcefully to protect its interests and translate its ecological needs, fairly but firmly, into duties imposed on landowning members” (Freyfogle, 2004). Rural communities are acting upon this statement by working in partnership with corporate landowners, agency personnel, and conservation organizations to maintain and enhance the public values of private forestlands that they have enjoyed and want to pass on to their children.



## LITERATURE CITED

- \_\_\_\_\_. 2003. Editorial. Protecting a Valley's Values. *Helena Independent Record*. October 12.
- Agrawal, A. and C. Gibson. 1999. "Enchantment and Disenchantment: The Role of Community in Natural Resource Development." *World Development*. 27 (4): 629-649.
- Americans for Our Heritage and Recreation. 2004. ([www.ahrinfo.org](http://www.ahrinfo.org))
- Anderson, Larry. 2004. Personal Communication on May 19, 2004.
- Austin, Phyllis. 2002. "Plum Creek: Finding Gold in Maine." *Maine Environmental News*. June 12. ([www.meepi.org](http://www.meepi.org))
- Austin, Phyllis. 2003. "Cautious Optimism About Fate of Mead/Wastvaco's 659,000 Acres in Main and New Hampshire." *Maine Environmental News*, November 17. ([www.meepi.org](http://www.meepi.org))
- Baker, Mark and Johnathan Kusel. 2003. *Community Forestry in the United States: learning from the Past, Crafting the Future*. California: Island Press.
- Bechtold, Timothy Matthew. 1992. "Now v. Forever: The conflict between business and forestry in the management of Plum Creek timberlands in Montana." Master's Thesis, University of Montana, Missoula, MT.
- Belsky, Jill. 2003. *Swan Valley Land Use Survey*. The Bolle Center for People and Forests. College of Forestry and Conservation: The University of Montana, Missoula.
- Best, Constance, and Laurie Wayburn. 2001. *America's Private Forests: Status and Stewardship*. Covelo, CA: Island Press.
- Best, Connie. 2003. "The Conservation Implications of Shifting Forest Ownership." Presentation given at *Who Will Own the Forests? Origins and Implications of Changing Ownership*. January 21-23. Portland, Oregon.
- Best, Constance, 2004. Personal Communication on April 27, 2004.
- Blackfoot Challenge (BFC), 2001. Blackfoot Challenge Strategic Plan (2000-2005) pages 1-16.
- Blackfoot Challenge (BFC), 2003. Letter to Community Members and Interested Parties from Hank Goetz, Lands Director regarding the disposition of PCTC lands. October 10, 2003.
- Blackfoot Challenge (BFC), 2004a. Blackfoot Community Project: Summary. September 23. Blackfoot Challenge. ([http://www.blackfootchallenge.org/am/publish/article\\_173.php](http://www.blackfootchallenge.org/am/publish/article_173.php)).
- Blackfoot Challenge (BFC), 2004b. Blackfoot Community Project Frequently Asked Questions. Blackfoot Challenge. ([http://www.blackfootchallenge.org/am/publish/article\\_191.php](http://www.blackfootchallenge.org/am/publish/article_191.php)) also printed in *Seeley Swan Pathfinder*. May 27.
- Blackfoot Challenge (BFC), 2004c. Blackfoot Challenge Website. ([www.blackfootchallenge.org](http://www.blackfootchallenge.org))
- Binkley, Clark, Charles F. Raper, and Courtland L. Washburn. 1996. "Institutional Ownership of US Timberland: History, Rationale, and Implications for Forest Management." *Journal of Forestry*. 94 (9): 21-28.
- Binkley, Clark. 2004. Personal Communication on April 29, 2004.
- Blackfoot Community Project (BCP), 2004. Community Meeting at Lincoln, MT. February, 18, 2004.

- Block, Nadine and V. Alaric Sample. 2001. "Industrial Timberland Divestitures and Investments: Opportunities and Challenges in Forestland Conservation." A Report by The Pinchot Institute. ([http://www.pinchot.org/publications/discussion\\_papers/timber.pdf](http://www.pinchot.org/publications/discussion_papers/timber.pdf))
- BPA, 1999. "Bonneville Power Administration Fish and Wildlife Program FY99 Proposal Form: Purchase Conservation Easement from Plum Creek Timber Company in Thompson Fischer Rivers." (<http://www.efw.bpa.gov/EW/PROPOSALS/AIWP/1999/9124.pdf>)
- Browne, Mason. 2001. "Changing Ownership Patterns: An Overview of Institutional Ownership and Resulting Opportunities." *In Industrial Timberland Divestitures and Investments: Opportunities and Challenges in Forestland Conservation*, by N. Block and A. Sample. The Pinchot Institute.
- Byrd, Carolyn. 2004. Personal Communication on April 28, 2004.
- Byron, Eve. 2003. "Nature Conservancy, Plum Creek Strike Deal." *Helena Independent Record*, October 10.
- Byron, Eve. 2004. "Blackfoot land deal in motion". *Independent Record*, February 4. ([http://helenair.com/articles/2004/02/04/montana\\_top/a01020404\\_03.txt](http://helenair.com/articles/2004/02/04/montana_top/a01020404_03.txt))
- Budinick, Kathy. 2004. "Plum Creek Timber Company, Inc. Reports for Fourth Quarter and Full Year 2003". *Press Release*. (<http://www.sec.gov/Archives/edgar/data/849213/000119312504007528/dex991.htm> )
- Carlton, Jim. 2002. "Saving Private Wildlands: Land Easements Are Alliance Of Big Timber, Tree-Huggers; A Truce to Keep Sprawl at Bay." *The Wall Street Journal*. November 13.
- Cestero, Barb. 2004. Personal Communication on May 25, 2004.
- Cestero, Barb and Belsky, Jill. 2003. "Collaboration for Community and Forest Well-Being in the Upper Swan Valley Montana." *Forest Communities, Community Forests: A Collection of Case Studies of Community Forestry* edited by J. Kusel and E. Adler. Rowman & Littlefield Publishers, Inc
- Corday, Jackie. 2004. Personal Communication on March 25, 2004.
- Cornell, Joe. 2001. IRS ruling Sparks Speculation in REIT Spin-offs. Spin-Off Research. (V) 7. <http://www.spinoffadvisors.com/clients/Research/Jul01.pdf>.
- Cotroneo, Ross. 1979. *The History of the Northern Pacific Land Grant, 1900-1952*. New York: Arno Press.
- Covey, Mike. 2004. Personal Communication on April 28, 2004.
- Chritensen, Jon, 2004. "Who Will Take Over the Ranch?" *High County News*. 36(6): March 29, Pp 7-15. ([http://www.hcn.org/servlets/hcn.Article?article\\_id=14648](http://www.hcn.org/servlets/hcn.Article?article_id=14648))
- Davis, Tim. 2004. "Zoning is only real protection." *Headwaters News*. (<http://www.headwatersnews.org/012004davis.html>)
- DePalma, Anthony, 2004. "A Deal is Reached to Preserve Land and the Economy in the Adirondacks". *The New York Times*, April 22.
- Devlin, Sherry. 1998. "Plum Creek Buys Maine Timberland". *Missoulian*. October, 7.
- Devlin, Sherry. 1998. "Lucky Lindbergh: House earmarks \$8 million to buy lakeshore land from Plum Creek". *Missoulian*.
- Devlin, Sherry. 2004. "Blackfoot Land Deal Announced." *Missoulian*. October 11. (<http://www.missoulian.com/articles/2003/10/11/news/local/znews03.txt> )

- Devlin, Sherry. 2004a. "Blackfoot Appropriations gets boost in Appropriations Bill." *Missoulian*. November 23.  
(<http://www.missoulian.com/articles/2004/11/23/news/local/znews03.txt>)
- Devlin, Sherry. 2003. "Conservation easement largest in state history: 142,000 acres along Thompson, Fischer river valleys set aside". *Missoulian*. October 1.  
([www.missoulian.com/articles/2003/10/02/news/mtregional/znews07.txt](http://www.missoulian.com/articles/2003/10/02/news/mtregional/znews07.txt))
- Dobbs, David and Richard Ober, 1995. *The Northern Forest*. White River Junction, Vermont: Chelsea Green Publishing Company.
- Duffield, John and Chris Neher. 2000. "Socioeconomic Review of the Montana FWP's Proposed Thompson/Fisher Conservation Easement." In *Draft Environmental Assessment: Thompson and Fisher River Valleys Conservation Easement Proposal*. Appendix D. September 15, 2000.
- Durbin, Kathy. 1997. "Timber's bad boy comes to the table". *High County News*. (29) 14.
- Duvall-Jonkel, Ali. 2004. "Land Acquisition as a Conservation Strategy in the Blackfoot Challenge: the politics of scale and inclusion." Final Paper in Environmental/ Natural Resource Social Theory, FOR 595.03. The University of Montana, Missoula, MT.
- Freyfogle, Eric. 2001. *The Land We Share: Private Property and the Common Good*. Washington: Island Press.
- Fricker, Mary. 1999. "Conservation easements: Popular war to protect land, but much work lies ahead". *The Press Democrat*. April 4, pp E1.
- Gatchell, John. 2002. "Conservation in the Northern Rockies: A 50-year Perspective." Pp. 47-53 in *2002 Governor's Conference on the Future of Montana's Forests*. Missoula, Montana.
- Gilges, Kent. 2001. Presentation given at *YFF Review: Institutional Timberland Investment. A summary of a forum exploring changing ownership patterns and the implications for conservation of environmental values*. October 23, 2001. YFF Series Publication 5 (2).
- Gouras, Matt. 2002a. "Claiming Plum Parcels: Worried locals hope to outbid second-home millionaires for prized Montana land." Associated Press. Montana Butte Standard.
- Gouras, Matt. 2002b. "Plum Creek puts prized Montana land up for sale." *Missoulian*. August 11, D1-D2.
- Greger, Eva. 2001. Presentation given at *YFF Review: Institutional Timberland Investment. A summary of a forum exploring changing ownership patterns and the implications for conservation of environmental values*. October 23, 2001. YFF Series Publication 5 (2).
- Haggerty, Mark. 1996. Cost of County and Education Services in Gallatin County, Montana. Local Government Center, Montana State University.
- Horwich, John. Personal Communication on May 5, 2004.
- Hicks, Gregory. *Our Forests, Ourselves : Reflections on the Civic Commons*. Pacific Forest Trust Publication Fall 2003 Vol 6 No 2.
- Illi, Warren. 2000. "Land Deal would preserve prime recreation area". *The Daily Inter Lake*. October 5. ([http://www.dailyinterlake.com/news\\_](http://www.dailyinterlake.com/news_))
- Ingerson, Ann. 2003. Communities and Private Forests. Issue Paper for the Communities Committee of the Seventh American Forests Congress. Private Lands Task Group.

- Ingerson, Ann. 2004. Personal Communication on January 6, 2004.
- Jensen, Derrick and George Draffan (with John Osborn, M.D.) 1994. *Railroads and Clearcuts: Legacy of Congress's 1864 Northern Pacific Railroad Land Grant*. Spokane, WA: Inland Empire Public Lands Council.
- Kline, Jeffery and Ralph Alig. 1999. "Does Land Use Planning Slow the Conversion of Forest and Farm Lands?" *Growth and Change*. 30: 3-22.
- Kolb, Peter. 2002. "Conference Preface." in *2002 Governor's Conference on the Future of Montana's Forests*. Missoula, Montana.
- Koors, Kathy. 2002. "Swan Valley organizes as Plum Creek sells off land." *Seeley-Swan Pathfinder*. September 26.
- Krussman, Rodger. 2004. Personal Communication on January 9, 2004.
- Law, Glenn. 1988. "More than Skin Deep. Montana Spaces." Pp. 39-47 in *Montana Spaces*, edited by J. Smart. The Montana Land Reliance.
- Long, Ben. 2002. "Swan Valley: Disaster in Hunters' Paradise?" *Seeley-Swan Pathfinder*, November 27.
- Love, Bob. 1997. "Plum Creek Hasn't Changed." *High Country News*. 29 (15).
- Ludwick, Jim. 1998. "Corporate shift will open Plum Creek to all investors." *Missoulian*, June 9.
- MacKaye, Benton. 1918. "Some Social Aspects of Forest Management." *Journal of Forestry* 16: 210-214.
- Maine Forest Service. 2001. *Biennial Report on the State of the Forest and Progress Report on Forest Sustainability Standards*. Augusta, ME: Department of Conservation, Maine Forest Service Forest Policy and Management Division.
- Malmsheimer, Robert, William Bentley, and Donald Floyd. 2000. *The Implementation of the Northern Forest Lands Council's Recommendations: An Analysis Six Years Later*. The State University of New York. College of Environmental Science and Forestry: Syracuse, New York.
- Mann, Jim. 2003. "Here to stay? Plum Creek executive sees Montana as 'strategically important'." *The Daily Inter Lake*. January 5.
- Mason, Ashley. 2004. Personal Communication on April 26, 2004.
- McCary, Jennifer. 2004. Forestland FRAG-MEN-TA-TION: Corporate divestitures usher in new class of owners and managers. Published in *Timber Harvesting*, July/August. (<http://www.colpac.org/assets/noncritical/files/forestFragmentation.pdf>)
- McComb. 2002. Presentation given at *YFF Review: Institutional Timberland Investment. A summary of a forum exploring changing ownership patterns and the implications for conservation of environmental values*. October 23, 2001. YFF Series Publication 5 (2).
- McCullough, Robert, 1995. *The Landscape of Community: Communal Forests in New England*. Hanover, NH: University Press of New England.
- McDonald, Brian. 2002. "The Blackfoot Watershed." ([www.blackfootchallenge.com](http://www.blackfootchallenge.com))

- McQuillan, Alan. G. 2002. "Montana Forests: Knowing the Past and Sowing the Future". In *2002 Governor's Conference The Future of Montana's Forests*. Pp. 3-10. May 13-14. University of Montana.
- Mendelsohn, Robert. 2002. "Presentation Summaries." in *YFF Review: Institutional Timberland Investment. A summary of a forum exploring changing ownership patterns and the implications for conservation of environmental values*. October 23, 2001. YFF Series Publication 5 (2).
- Missoula County, 1996. *Swan Valley-Condon Comprehensive Plan Amendment*. Adopted by the Missoula County Commissioners December 18, 1996.
- Mitchell, 1989. "Mountain Views Bargain Prices". *Harrowsmith*. July/August 4(22): 35-45.
- Montana Fish Wildlife and Parks (MFW&P), 2000a. *Montana Forest Legacy Program: Assessment of Need*. February 29, 2000.  
(<http://fwp.state.mt.us/insidefwp/fwplibrary/forestlegacyassessment.pdf>)
- Montana Fish Wildlife and Parks (MFW&P), 2000b. *Decision Notice and Final EA: Thompson and Fisher River Valleys Conservation Easement*. Region One, November 9, 2000.
- Montana Fish Wildlife and Parks (MFW&P), 2000c. *Draft Environmental Assessment: Thompson and Fisher River Valleys Conservation Easement Proposal*. September 15, 2000.
- Montana Fish Wildlife and Parks (MFW&P), 2004. *Discovering Montana*.  
(<http://www.fwp.state.mt.us/insidefwp/Goals/default.html>)
- Montana Forest Owner's Association (MFOA). 2002. Montana Forest Facts.  
<http://www.forestsmontana.com/aboutus.html>
- Moore, Bud. 1996. *The Lochsa Story: Land Ethic in the Bitterroot Mountains*. Missoula, MT: Mountain Press Publishing Company.
- Moote, Ann. 2002. "Communities and Private Forest Lands". *Communities and Forests Newsletter*. Summer 2002. Volume 6 Number 2.
- Murtaugh, James. 1999. *Montana: People and the Economy*. Liz Claiborne and Art Ortenburg Foundation. Seeley Lake, MT.
- National Research Council (NRC). 1998. *Forested Landscapes in Perspective: Prospects and Opportunities for Sustainable Management of America's Nonfederal Forests*.
- Nellis, Lee and Karen Van Gilder. 2003. *The Planning for Results Guidebook: Practical Guide for Building Successful Rural Communities*. National Association of Counties and the Sonoran Institute.
- Neudecker, Greg. 2004. Personal Communication on May 4, 2004.
- Neudecker, 2004b Ali's paper Personal Communication with Ali Duvall-Jonkel May 4, 2004. as reported in "Land Acquisition as a Conservation Strategy in the Blackfoot Challenge: the politics of scale and inclusion." Final Paper in Environmental/ Natural Resource Social Theory, FOR 595.03. The University of Montana, Missoula, MT.
- Nie, Martin. 2004. "Driver's of natural resource-based political conflict." *Policy Sciences*. 36: 307-341.
- Northern Forest Lands Council, 1994. *Finding Common Ground: The Recommendations of the Northern Forest Lands Council*. Maine State Library, Augusta, ME.

- Parker, Tom. 2003. Swan Valley Lands Committee Comments. Swan Ecosystem Center. January, 15.
- Parker, Melanie. 2004. Personal Communication on April 28, 2004.
- Pathfinder, 2002. "Plum Creek plans Swan Valley land sales." *Seeley-Swan Pathfinder*. February 28.
- Peterson, Chris. 2003. "CEO: Manufacturing not in Plum Creek's long-term future." *Hungry Horse News*. January 2.
- Peterson, Chris. 2003b. "CEO: Plum Creek can make more money from land deals." *Hungry Horse News*. September 29.
- Plum Creek Timber Company (PCTC), 2004a. Annual Report: Form 10-K for Plum Creek Timber Company Inc. March 3.
- Plum Creek Timber Company (PCTC), 2004b. ([www.plumcreek.com/company](http://www.plumcreek.com/company))
- PFW, 2001. Partners for Fish and Wildlife Program. U.S. Fish and Wildlife Service (<http://www.fws.gov/>)
- Radnard, Shanna. 2004. Personal Communication on January 8, 2004.
- Rasker, Ray, Ben Alexander, Jeff van den Noort, and Rebecca Carter, 2004. *Prosperity in the 21<sup>st</sup> Century West: The Role of Protected Public Lands*. The Sonoran Institute. July 2004.
- Rasmussen, Robert. 2004. Personal Communication on March 20, 2004.
- Reed, Frank. Personal Communication on January 8, 2004 and March 30, 2004.
- Sampson, Neil and Lester DeCoster. 2000. "Forest Fragmentation: Implications for Sustainable Private Forests." *Journal of Forestry*. 98 (3): 4-8.
- Shouse, Joel. 2004. Personal Communication on April 14, 2004.
- Smith, Linda. 2004. Personal Communication on November, 10, 2004.
- Sorenson, Jerry. 2004. Personal Communication on April 8, 2004 and November 11, 2004..
- Szpaller, Keila. 2003. "Signs of the Times : What are Plum Creek's Plans for Lolo Pass?" *Missoula Independent*. January 30-February 6.
- Stapleton, Richard. 2001. "A small town thinks big." *Land and People*. Fall. ([http://www.tpl.org/tier3\\_cd.cfm?content\\_item\\_id=5303&folder\\_id=1545](http://www.tpl.org/tier3_cd.cfm?content_item_id=5303&folder_id=1545))
- Starkman, Dean. N.d. IRS Rules Landowning Companies can Spin Off Land to Reduce Taxes *Wall Street Journal*. (<http://www.realestatejournal.com/reits/reits/20010606-starkman.html>)
- Stein, Peter. 1997. "Conservation Investors: Making Money, Saving Lands." *Land Trust Alliance*. Summer 1997.
- Stein, Peter. 2004. Personal Communication on January 5, 2004.
- Stone. Jim. 2004. Personal Communication on April 15, 2004.
- Stone, Jim, Neudecher, Greg, and Bernie Hall, 2004. "Blackfoot Community Project Presentation." Presentation given at the University of Montana February 24, 2004. *Wilderness and Civilization Lecture Series*. Missoula, MT.

- Stromnes, John. 1997. "Plum Properties." *Missoulian*, February 25.
- Stromnes, John. 2002. "Plum Creek to sell part of Swan holdings." *Missoulian*, February 24. (<http://www.missoulian.com/articles/2002/02/24/export6670.txt>)
- St. Pierre, Jym. 1999. "Doing Big Deals in Maine." *The Maine Woods*, Fall 1999 v3 n1.
- Swan Ecosystem Center (SEC), 2004a. *Various meeting notes and internal documents collected by the Swan Ecosystem Center and the Ad Hoc Committee in response to Plum Creek land divestment*. Reviewed Summer-Fall, 2004.
- Swan Ecosystem Center (SEC), 2004b. *Upper Swan Valley Landscape Assessment*. ([www.swanecosystemcenter.com](http://www.swanecosystemcenter.com))
- The Nature Conservancy (TNC). 2003. *The Nature Conservancy conserves 21,322 acres of forestlands in Northern Wisconsin*. October 1. (<http://nature.org/wherewework/northamerica/states/wisconsin/press/press1192.html>)
- The Sampson Group, Inc. 2000. "Changes in Forest Industry Timberland Ownership 1979-2000." ([www.theSampsonGroup.com](http://www.theSampsonGroup.com))
- Thompson, Steve. 2000. "After the Fall." *High Country News*. 32 (9).
- Tomson, Scott. 2004. Personal Communication on October 15, 2004.
- Toole, K. Ross. 1959. *Montana: An Uncommon Land*. Norman: University of Oklahoma Press.
- Trust for Public Land (TPL), 2003. "Largest MT Conservation Easement Completed." ([http://www.tpl.org/tier3\\_cd.cfm?content\\_item\\_id=12706&folder\\_id=678](http://www.tpl.org/tier3_cd.cfm?content_item_id=12706&folder_id=678))
- Turcotte, Deborah. 1998. "Plum Creek Timber firm seeks to shed 'evil' image." *The Bangor Daily News*, October 8.
- Turner, Robert. 2004. Personal Communication on January 9, 2004 and November 8, 2004.
- U.S.D.A. Forest Service. 2000. *Forest Inventory and Analysis*. (<http://fia.fs.fed.us>)
- U.S.D.A. Forest Service 2003. *An Analysis of the Timber Situation in the United States: 1952 to 2050. A Technical Document Supporting the 2000 USDA Forest Service RPA Assessment*. Portland, Oregon: Pacific Northwest Research Station
- Vanderheiden, Alicia. 2003. "21st Century Allies: The Role and Effectiveness of Partnerships between Non-Government Organizations and Protected Area Agencies in the State of Montana." Master's Thesis, University of Wales, Aberystwyth, United Kingdom.
- Vanderheiden, Alicia. 2004a. "Blackfoot Challenge and The Nature Conservancy prepare for re-sale of Plum Creek Land to Public and Private Buyers." September 27. ([www.blackfootchallenge.org](http://www.blackfootchallenge.org))
- Vanderheiden, Alicia. 2004b. Personal Communication on November 18, 2004.
- Weber, Lauren. 2002. "Investor groups replace barons as forest owners." *World Environmental News*. May 22. (<http://www.planetark.com/avantago/dailynewsstory.cfm?newsid=16062>.)
- Weigle, Lori, John Fairbank and David Metzger. 2004. "The Language of Conservation." Memorandum prepared for The Nature Conservancy and the Trust for Public Lands. Fairbank, Maslin, Maullin & Associates and Public Opinion Strategies. June 1.
- Wilcox, David. 2004. Personal Communication on January 6, 2004.
- Williams, Ted. 2004. "Saving the North Woods." *Fly Rod and Real* January/February 2004.

- Wood, Alan. 2004. Personal Communication on March 12, 2004.
- Wright, John and Rhonda Skaggs. 2002. "Purchase of Development Rights and Frequently Asked Questions." New Mexico State University: Agricultural Experiment Station. (<http://www.cahe.nmsu.edu/pubs/research/economics/TR34.pdf>.)
- Yale Forest Forum (YFF), 2001. *YFF Review: Institutional Timberland Investment. A summary of a forum exploring changing ownership patterns and the implications for conservation of environmental values*. October 23, 2001: New Haven, Connecticut.
- Yard, Richard. Memorandum: June 11 2002 To: Ron Morinaka Fish Wildlife and Parks Project Manager subject: supplement analysis for the wildlife mitigation program EIS (DOE/EIS-0246/SA-25)



## **APPENDIX A: GLOSSARY**

**Blackfoot Challenge:** The Blackfoot Challenge is a landowner-based group that coordinates management of the Blackfoot River, its tributaries, and adjacent lands. It is organized locally and known nationally as a model for preserving the rural character and natural beauty of a watershed. [http://www.blackfootchallenge.org/am/publish/index\\_aboutus.php](http://www.blackfootchallenge.org/am/publish/index_aboutus.php)

**Community:** For this paper the term ‘community’ refers to local people that live adjacent to industrial forestland and who will be the most directly affected by a change in the ownership of the land. I recognize the diverse interests inherent within any ‘community’ and do not wish to characterize this as a monolithic group. However, for the purpose of this research this term serves to represent the local residents who live in and near IPF land.

**Conservation Easement (CE):** A conservation easement is a voluntary legal agreement that permanently restricts specified activities on a piece of property, in order to protect conservation values such as forest ecosystems, wildlife habitat, biodiversity, water quality, open space and carbon sequestration. The conservation easement is granted by the property owner to a conservation organization or government agency. The restriction stays with the property and is binding on all future owners. <http://www.pacificforest.org/services/faqs.html#1>

**Conversion:** The permanent clearing of forestland for a non-forest use, such as residential development.

**Development Right:** The right to subdivide property. Typically the severance of development rights is referred to as a conservation easement without reference to whether it was purchased or donated. <http://www.cahe.nmsu.edu/pubs/research/economics/TR34.pdf>

**Forest Legacy Program:** The Forest Legacy Program (FLP), a federal program in partnership with states, supports state efforts to protect environmentally sensitive forest lands. Designed to encourage the protection of privately owned forest lands, FLP is an entirely voluntary program. To maximize the public benefits it achieves, the program focuses on the acquisition of partial interests in privately owned forest lands. FLP helps the states develop and carry out their forest conservation plans. It encourages and supports acquisition of conservation easements, legally binding agreements transferring a negotiated set of property rights from one party to another, without removing the property from private ownership. Most FLP conservation easements restrict development, require sustainable forestry practices, and protect other values. <http://www.fs.fed.us/spf/coop/programs/loa/flp.shtml>

**Higher and Better Use (HBU):** Properties once suited for growing timber, farming or hunting often become urbanized and better suited for development as population centers grow into rural areas. Therefore, portions of tracts or entire holdings may have increased substantially in value. Evaluating properties through their HBU can significantly increase the total sales price. Many timber companies are evaluating their timberlands to see which lands may have Higher and Better Use as real estate. If appraised as real estate vs. timber use, the cost per acre rises substantially. <http://www.americanforestmanagement.com/index.html>

**Land and Water Conservation Fund (LWCF):** The Land and Water Conservation Fund Act of 1965 (P.L. 88-578) was enacted to: "...assist in preserving, developing, and assuring accessibility to all citizens of the United States of America of present and future generations and visitors who

*are lawfully present within the boundaries of the United States of America such quality and quantity of outdoor recreation resources as may be available and are necessary and desirable for individual active participation in such recreation and to strengthen the health and vitality of the citizens of the United States by....providing funds for the federal acquisition and development of certain lands..." This Act authorizes the purchase of lands, waters or interests in land or waters within the National Forest System. <http://www.fs.fed.us/land/staff/LWCF/>*

**Montana Fish Wildlife and Parks (MFW&P):** A state funded agency responsible for the management and stewardship of Montana's fish, wildlife and parks. Their mission statement is "Montana Fish, Wildlife & Parks, through its employees and citizen commission, provides for the stewardship of the fish, wildlife, parks and recreational resources of Montana, while contributing to the quality of life for present and future generations". [www.fwp.mt.gov/](http://www.fwp.mt.gov/)

**Non-forest uses:** This term can also include PCTC lands that have historically been used for grazing. (For example, a percentage of PCTC lands in the Blackfoot Valley have been leased for grazing purposes instead of forest related (harvesting) activities.

**Non-Strategic Timberland:** Land that does not contain much of an HBU component, is farther from company' mills, and is less productive.

**Payment-in-lie-of taxes (PILT):** This federal Act of 1976 (P.L. 94-565 as amended) provides for payments to local governments which have tax-exempt Federal lands within their boundaries. The funding is designed to help relieve the fiscal burden which Federal lands impose on local governments through a reduced property tax base.

**Purchase of Development Rights:** Ownership of a piece of land consists of a "bundle of rights" including the right to develop the land for residential or commercial uses. A landowner can sell the development rights while retaining ownership of all the other 'rights' to the land. The purchaser of the development rights is usually a government agency or non-profit group that then retires this right. A conservation easement is the legal vehicle by which this transaction occurs. In the Thompson Fisher case the Plum Creek's development rights were removed from the land, through appraised market value, and the company still maintains ownership of that land. The removal of that right will remain in perpetuity.

**Swan Ecosystem Center (SEC):** Swan Ecosystem Center (SEC) is a nonprofit citizens' group in the Upper Swan Valley of northwestern Montana. People with diverse perspectives are learning about the ecosystem and participating in land management decision-making on public and private land. SEC helps citizens work with the Forest Service, other public agencies, schools, and representatives of the timber industry on projects designed to maintain the valley's rural and wild characteristics and a sustainable economy. <http://www.swanecosystemcenter.com/>

***APPENDIX B: ACRONYMS***

**BCP: Blackfoot Community Project**

**BC: Blackfoot Challenge**

**DNRC: Department of Natural Resource and Conservation**

**IPF: Industrial Private Forest**

**HBU: Higher and Better Use**

**MFW&P: Montana Fish Wildlife and Parks**

**NIPF: Non-Industrial Private Forest**

**PCTC: Plum Creek Timber Company**

**PILT: Payment in lieu of Taxes**

**REIT: Real Estate Investment Trust**

**SEC: Swan Ecosystem Center**

**TIMO: Timber Investment Management Organization**

**TNC: The Nature Conservancy**

**TPL: The Trust For Public Lands**